Austria	Sch25	Indonesia	Rp3100	Oman	Or1
Bahrain	Din0.700	Iran	...	Philippines	Peso
Belgium	BFr48	Israel	NIS5.00	Portugal	Esc120
Cyprus	C£0.90	Italy	L1800	Qatar	QR9.00
Denmark	DKr12.00	Jordan	Fils1000	S.Arabia	Rls7.00
Egypt	E£3.25	Kuwait	Fils.500	Singapore	S$4.10
Finland	Fmk8.00	Lebanon	...	Spain	Pta200
France	FFr7.00	Lux	LFr48	Sweden	SKr11
Germany	DM2.80	Malaysia	Rlo4.25	Switz.	SFr2.50
Greece	Dr150	Morocco	Dh9.00	Thailand	Bt50
Hong Kong	HK$12	Neth	Fl3.25	Tunisia	Din0.850
Iceland	Kr...	Nigeria	Naira...	Turkey	L3400
India	Rup15	Norway	NKr12.00	UAE	Dh7.00

EUROPE'S BUSINESS NEWSPAPER

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JAPAN — A new phase of development

Page 11

World News

Unrest in Azerbaijan spills over into Iran

A wave of nationalist unrest sweeping the Soviet republic of Azerbaijan has spilled over into riots along the border with neighbouring Iran, according to the latest official reports reaching Moscow.

Tass, the government news agency, said that crowds had attacked border posts along some 85 miles of the closely guarded frontier. Page 2

Panama looting toll

Losses and damage from looting in Panama are estimated by the President of Panama's Chamber of Commerce to reach $2bn, following the US invasion last month, an amount equivalent to half Panama's annual GDP. Pages 4, 12

Politburo detained

The new Romanian government said that the entire Politburo of the Communist Party was in detention. The Foreign Ministry spokesman did not say how many had been arrested or what charges they might face. Page 2

Peace hopes fade

The decision by Israeli Prime Minister Yitzhak Shamir to demote Ezer Weizman for contacting the Palestine Liberation Organisation has reinforced Palestinian pessimism about the peace process. Page 4

Oil threat persists

A Dutch salvage company said that refusals by Spain and Morocco to allow the leaking Iranian supertanker, Kharg-5, into sheltered waters for repairs had worsened the oil spill off the Moroccan coast. Page 4

New Delhi package

Indian Government is to announce a three-year foreign trade policy on April 1 and a new long-term fiscal policy to be presented to parliament. Page 4

Exodus to continue

West Germany is this year expecting 350,000 immigrants from east bloc countries, excluding East Germany, roughly the same number as in 1989. Page 2

American nun killed

US-backed rebels killed two nuns, an American and a Nicaraguan, in an attack in north-east Nicaragua, Managua radio reported.

Israel rejects charge

Israel dismissed as "outrageous nonsense" an Amnesty International report accusing it of encouraging security forces to kill Palestinians during unrest in the occupied areas.

Emigrés welcomed

Turkish emigrés returning to Bulgaria from Turkey will be able to reclaim their jobs and property, the Bulgarian consulate in Istanbul said. Page 2

Cold kills in Dhaka

Cold weather hovering over Bangladesh has killed at least 150 people and has prompted demonstrations by villagers.

Right of passage

China will allow dissident Fang Lizhi to leave the US embassy in Peking, where he has been sheltering since June, and travel to Australia before the end of this month, a Hong Kong magazine said.

Seoul-Moscow talks

South Korean Foreign Minister Choi Ho-Joong said Seoul would start talks soon with the Soviet Union on establishing diplomatic relations.

IRA kills Protestant

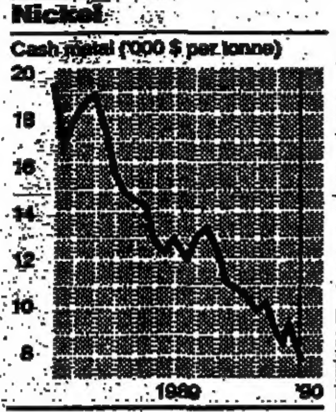
IRA bombers killed a Belfast taxi driver taking his teenage daughter to school and said he had been a Protestant paramilitary extremist.

Business Summary

US stocks hit record in year's first session

Wall Street soared to a new record high and the dollar strengthened significantly against all major currencies, as US investors responded enthusiastically to indicators suggesting that the economy was likely to avoid an imminent recession. The Dow Jones Industrial Average decisively breached the 2,800 mark and closed 58.95 points up at 2,810.15.

NICKEL prices continued to retreat, cash metal shedding $387.50 to close at $7,887.50 a tonne – the lowest level for two years on the London Metal Exchange. Commodities, Page 22



BELL RESOURCES, struggling Australian investment group, made a surprise intervention into a court case to decide the fate of Bond Corporation Holdings, its parent. Page 13

SKODA, the Czech carmaker, has had to halt almost all production at a plant near Prague because it has lost all its workers in a huge prison amnesty, Minister for Labour and Welfare Petr Miller said. Page 2

NEWS Corporation chief executive Rupert Murdoch has appointed Andrew Knight, former chief executive of the Daily Telegraph group, as executive chairman of News International, Murdoch's main UK subsidiary. Knight will be responsible for the group's five national newspapers from The Times to The Sun, and for Sky Television. Page 13

AEROSPACE: Eight international airport design groups have been shortlisted to compete for the lead consultancy contract on Hong Kong's planned HK$35bn ($4.48bn) airport. Page 5

BRITAIN'S economy will return to steady growth in 1991 after avoiding recession this year, according to a Financial Times survey of 22 forecasting groups. Page 12

BANK of Boston, largest regional bank in New England, unveiled $300m of fourth-quarter loan write-offs and the sale of its credit card business to Chase Manhattan. Page 13

ITALY is to abolish some restrictions on domestic foreign currency accounts. Page 12

BRITISH Airways, KLM and Sabena have begun to set in place the management structure of their joint venture, Sabena World Airways. Page 14

TAIWAN is to appoint officials to Belgium, the US and other countries, to boost farm exports and raise competitiveness. Page 5

CAMPEAU, indebted Canadian retail company, received a temporary reprieve when Citibank, its lead banker, decided not to call in $2.3m worth of loans. Page 16

GLOBAL Equities: The value of international equities in US dollars, measured by the FT-Actuaries World Index, rose by some 15 per cent last year. Country-by-country report and quarter-by-quarter performance pattern over the year. Back page, Section II.

Czech President endorses hopes for united Germany

By Leslie Colitt in Berlin

EUROPE need not fear a united Germany, provided it was democratic, Mr Vaclav Havel, Czechoslovakia's playwright-turned-President, said yesterday.

President Havel made his cautious endorsement of German unity during an historic one-day visit to East and West Germany – his first since becoming head of the new, non-Communist Czechoslovakia.

After a morning visit to the Brandenburg Gate and the Berlin Wall and before flying to Munich for an afternoon meeting with both Chancellor Helmut Kohl and President Richard von Weizäcker of West Germany, Mr Havel said:

"We need not fear a peaceful and democratic (German) state no matter how large it is.

"Much of Czechoslovakia borders on East or West Germany. Germany virtually surrounds us. It must free its neighbours of fear, specifically the fear of a Greater Germany," the Czechoslovak President said.

Vaclav Havel grasps the hands of exiled Czechs before leaving West Germany yesterday

Mr Havel, who headed the opposition Civic Forum until his election last week, significantly chose the two German states for his first foreign visit and not the Soviet Union as Czechoslovak presidents had done since 1948.

Mr Havel said he was "surprised" to find the Berlin Wall still standing. With a characteristic flash of wit he offered the help of Czech workers to help tear down what remained of the structure.

Mr Manfred Gerlach, East Germany's acting head of state, was reported as saying after receiving Mr Havel that the wall was "superfluous" and would indeed be torn down.

Mr Havel said that he hoped that East and West Germany would swiftly agree on the future of the two countries. He said: "This process must be part of a whole European process. It must be worked out by negotiations, not through wild gestures."

Emotions in both East and West Germany needed to be "calmed" and any German confederation integrated in an "All-European process," Mr Havel said. The Germans themselves had to remove the fear of a Greater Germany by embracing democracy.

The Czechoslovak President was accompanied by Mr Marian Calfa, the Prime Minister, and Mr Jiri Dienstbier, the Czechoslovak Foreign Minister.

Virtually the entire West German leadership went to Munich to welcome President Havel at the airport: President von Weizsäcker and Chancellor Kohl were joined by Mr Hans-Dietrich Genscher, the Foreign Minister, and Mr Max Streibl, Bavaria's Prime Minister.

The Czechoslovak leader held a joint news conference with President von Weizsäcker, who hailed the visit as the beginning of a new chapter in relations between the two countries. Germans and Czechoslovaks were coming to terms with their past, he noted.

Mr Havel said talks would take place shortly with West Germany on eliminating visas for travel between the two countries and that he had invited President Weizsäcker to visit Prague.

Chancellor Helmut Kohl said after his talks with the Czechoslovak leader that Bonn would support him with all means at its disposal.

Apart from the historic significance of Mr Havel's visit, Czechoslovakia is also anxious not to miss out on the economic benefits of closer links with West Germany.

Bonn expects 350,000 east bloc immigrants, Page 2

OECD team plans Warsaw visit

By Peter Norman, Economics Correspondent, in London

A TOP TEAM from the Organisation for Economic Co-operation and Development is to go to Warsaw next Monday to explore with the Polish authorities how to help the country adjust its economic structures to a market-based system.

A main goal of the 15-strong mission, the largest ever to be sent on a foreign assignment from the OECD's Paris headquarters, is to assess how best to inject competitive conditions into Poland's economy.

The OECD team will meet senior Polish officials for three days of talks to discover what institutional changes Poland must introduce to create smoothly functioning markets.

The planned seminar will also take the first steps towards compiling an OECD survey of the Polish economy later this year. Such a survey – to be modelled on the OECD's annual surveys of its 24 industrial member states – has been requested by the Polish Government and several OECD governments, including West Germany.

Late last month the International Monetary Fund agreed an economic stabilisation package to deal with immediate problems of hyperinflation and the near bankruptcy of the Polish economy.

The OECD mission will initiate the next stage of Western help for Poland by attempting to fill the gaps in both the West's knowledge and that of the Polish authorities on how to manage the unprecedented transformation of a command-based Communist economy to one operating through market signals.

A background paper produced by the OECD to help guide next week's discussions stresses that Poland is pursuing structural reform on a scale that "is ambitious and without precedent."

It notes that the "OECD does not have, and cannot have, the degree and breadth of knowledge that would truly be required to address all the problems associated with such change" and that its analysis and suggestions "are presented with a significant measure of humility."

It also advocated reform of the banking system as a priority instead of the Polish government's plans for rapid large-scale privatisation.

Poland prepares to bring its economy to market, Page 2

Argentina acts to prop up austral and curb inflation

By Our Foreign Staff

ARGENTINA is to introduce sweeping measures in an attempt to curb hyperinflation and check a rapid devaluation in the currency.

The measures were announced yesterday by Mr Antonio Erman Gonzalez, the Economy Minister, who has been in office for three weeks.

Mr Gonzalez is facing the collapse of the austral, which depreciated 47 per cent in December. It stood at about 1,950 australs to the dollar before the new year holiday. A year ago, one dollar bought less than 15 australs.

The move follows an unsuccessful attempt last year to curb hyperinflation. December's inflation is likely to exceed last July's record 196.6 per cent.

Mr Gonzalez, a long time political ally of President Carlos Menem, promised that Argentina would stop printing money in excess of the needs for paying salaries or pensions, to bring interest rates down from their current monthly rate of 300 per cent.

The new programme, likely to meet opposition from Mr Menem's trade union supporters, also includes the suspension of the banking system's short-term deposits.

It intends to force companies and investors into selling dollars and buying australs. The move limits to 1m australs (roughly $430) the amount which investors in fixed term deposits can withdraw in cash.

To raise funds investors will either have to sell dollars or accept repayment as their saving in 10-year dollar denominated government bonds.

This measure is likely to anger small and medium investors. Many investors hold their money with banks on a seven-day basis, the *plazo fijo*, which creates regular chaos as investors weekly hunt for marginally better interest rates as a means of beating inflation.

Interest rates have soared from less than 10 per cent to 300 per cent per month in December, as banks have attempted to attract deposits amid a flight by Argentines away from their own currency into US dollars.

Mr Gonzalez said the new measures were necessary to protect the austral from collapsing to as low as a possible 4,000 australs to the dollar.

President Menem has been in office for just six months,

Continued on Page 12
Bleak start to 1990, Page 3

Vatican must woo taxpayers as well as Catholics

By John Wyles in Rome

A QUIET revolution has this week ended the Italian Roman Catholic Church's 123-year direct dependency on the state. The Vatican will no longer be eligible for a subsidy to pay clerical wages and to build new churches.

If not exactly privatised, the Italian Church must now look to the generosity of the faithful and to lobbying the taxpayer if it is to maintain its activities and balance its books.

The prospect has caused the quickening of many a clerical pulse since the change was agreed in the revised concordat between the Italian state and the Vatican signed at the beginning of 1984. The intervening period has been employed in a top-to-bottom overhaul of the Italian Church's management of its physical assets and in introducing a new salary system for its 42,000 clergy.

Last year the Church launched a vigorous advertising campaign to acquaint both the priesthood and the laity with the change in financing which was presented as something of a return to its early participatory Christian roots. Jesus and his disciples were dependent "above all on the generosity of their followers and sympathisers," intoned a pamphlet distributed to all parishes in October.

Since 1866, Italian Roman Catholics have been firmly tied to the Government's purse strings by a system known as the congrua. This wage subsidy effectively established priests and bishops as public employees, drawing in 1984 an average of L840,000 ($662) a month. Last year's final congrua cost the Treasury L588bn.

The new system bases Church financing entirely on donations and a sort of taxpayers' plebiscite. During the negotiations, the Italian bishops reached out for some of the incentives that the modern state can offer and secured an agreement that cash donations to the Church of up to L2m a year will be tax deductible, offering savings for the highest income brackets of L800,000.

As prudent men, they knew however, that the Church would be unlikely to be able to cover its expenses just by counting on the faithful. A second, and more vital, concession wrung from the state was

Continued on Page 12

French agency imposes fines on electrical engineering cartel

By William Dawkins in Paris

SOME of France's best known electrical engineering companies have been fined a total of FFr128m ($22m) for illicitly conspiring to fix prices and carve up contracts for electrical installations in the Paris metro and in the capital's public buildings.

This is the second largest penalty imposed by the French Competition Council, which has kept an otherwise low profile since its formation in 1986.

That has changed in recent months as it has published the fruits of a painstaking campaign, initiated by the Finance Ministry, against attempts to rig public contracts. In November, the Council fined 80 construction companies a record FFr168m for running an illegal cartel for road building goods.

The Council has the power to fine companies up to 5 per cent of annual turnover for breaking competition rules, though it has never tried to apply that maximum.

The 43 companies fined include top names like Schneider, the heavy electrical and construction group, several of the subsidiaries of which have been fined a total of FFr35.8m, the biggest fine imposed by the council on members of a single group.

Cegelec, an offshoot of the CGE telecommunications and heavy engineering group, is the next hardest hit with a fine of FFr25m. L'Entreprise Industrielle, a Paris-based construction group, received a FFr15m fine, followed by Montesson-based Compagnie Générale de Travaux et d'Installations, with FFr10m.

The 16 experts who make up the Council found the cartel members had exchanged information on the prices they planned to offer and decided who should tender for around 15 major public contracts between 1983 and 1987.

They included a more than FFr100m contract to service railway equipment for the Paris metro authority, the RATP (Regie Autonome des Transports Parisiens), and electrical installations at the Centre Georges Pompidou arts and cultural centre and at the massive Musée National des Sciences et des Techniques de la Villette.

The RATP's head of works even decided that the first bid offered by the cartel members was unrealistically high and asked them to reconsider, as a result of which the contractors simply fixed up an alternative illicit accord, said the Council.

While French competition law is responding to the EC's directives aimed at stopping restrictive practices in public procurement and elsewhere, Council officials denied there had been a recent toughening in policy. Both this inquiry and the construction investigation came as a result of information lodged by the Finance Minister in the previous right wing Government, Mr Edouard Balladur.

"The Council is simply playing its role of ensuring that companies observe the rules of competition," said an official.

MARKETS

STERLING	DOLLAR	STOCK INDICES
New York close: $1.6095 (1.6105)	New York close: DM1.713 (1.692)	FT-SE 100: 2,434.1 (+11.4)
London: $1.612 (1.6125)	FFr5.8325 (5.7805)	FT Ordinary: 1,934.1 (+17.5)
DM2.755 (2.7275)	SFr1.5815 (1.5425)	FT-A All-Share: 1,210.92 (+0.5%)
FFr9.3975 (9.33)	Y146.50 (143.965)	New York close: DJ Ind. Av. 2,810.15 (+58.95)
SFr2.5325 (2.4875)	London: DM1.7085 (1.6915)	S&P Comp: 354.97 (+1.47)
Y235.75 (231.75)	FFr5.83 (5.785)	Tokyo: closed
£ index 88.8 (88.0)	SFr1.5715 (1.5425)	LONDON MONEY
GOLD	Y146.20 (143.80)	3-month interbank: 15⅛% (15⅛)
New York: Comex Feb $402.1 (403.1)	$ index 67.9 (67.3)	Liffe long gilt future: Mar 92⅞ (92⅞)
London: $401 (same)	US LUNCHTIME RATES	
N SEA OIL (Argus) Brent 15-day Feb $20.6	Fed Funds 8½%	
	3-mo Treasury Bills: yield: 7.80%	
	Long Bond: 101⅞ yield: 7.97%	

Chief price changes yesterday: Page 13

MARKET REPORTS: CURRENCIES, Page 30, BONDS Page 18, COMMODITIES, Page 22, EQUITIES Pages 23 (London), 31 (World)

CONTENTS

Gloss begins to fade on the Caribbean trade initiative

A preferential US trade programme for Caribbean countries gave the region new hope six years ago. Now leaders there are not so sure. John Compton (left), Premier of St Lucia, admits: "Perhaps we expected too much". Page 5

Poland prepares to bring its economy to market

Peter Norman reports on the OECD's assessment of the country ahead of talks next week in Warsaw

First the belt tightening. Now the structural reform.

After agreeing a tough economic stabilisation plan with the International Monetary Fund at the end of last year, Poland next week holds talks with senior officials from the Organisation for Economic Co-operation and Development on detailed aspects of the unprecedented task of moving to a market-based economy.

In an initial assessment of the "Polish problematique", that has been prepared for next week's discussions in Warsaw, the OECD says the poor performance of the Polish economy can be traced to two main causes that interact.

The problems of low living standards, near hyper-inflation, a large public sector deficit and high foreign indebtedness with the West reflect a "systemic tendency for factors of production to be used inefficiently, with investment in particular yielding low levels of output." In addition, the OECD diagnoses "a loss of macro-economic control, affecting both monetary and fiscal policy and consequently wage developments" especially over the past two years.

The macro-economic problems facing Poland will be tackled largely in the programme agreed with the IMF. Among the OECD's main goals are helping the Polish Government establish truely competitive conditions and encouraging better resource allocation and utilisation.

The structure of prices in Poland and the system of incentives for business are fundamental problems. In Poland's case, the OECD says, businesses have not been subject to binding financial constraint. Businesses' demands for inputs "have been virtually insatiable" and productivity has been low.

Western economists have long regarded the lack of a realistic price structure based on market determined costs as a prime weakness of the East European economies. A key requirement in the Polish economy "is fully to liberalise all the major prices." But, the OECD says, "this is only a beginning."

"Many markets, inter alia for products, housing, labour and finance, have to develop and become progressively more sophisticated, requiring an appropriate legislative framework in which to operate," it says. "In addition, workers and managers will need to acquire the requisite motivations and skills to enable them to make the new markets function satisfactorily."

This amounts to a programme of social rather than economic change. The OECD acknowledges that its guidance may be of limited value because its experience relates to structural changes within market based economies rather than to economies moving from one system to another. Success in solving Poland's problems will depend as much on the Warsaw authorities' determination and capacity to carry through necessary reforms as on the design of any policy programmes that it recommends, the OECD said.

Because next week's meeting is intended to establish a basis for mutual understanding between the OECD and Poland, the Paris-based body is cautious about making detailed policy recommendations. However, the OECD paper:

● says an incomes policy (one already forms part of the IMF programme for Poland) is probably "essential" in the short run for successful structural reform and re-establishing confidence in Poland's credit worthiness. In the longer term it warns that incomes policies are no substitute for sound fiscal and monetary policies.

> A key requirement in the Polish economy 'is to fully liberalise all the major prices.' But, the OECD says, 'this is only a beginning'

● doubts whether the Polish authorities can rely entirely on high real interest rates to control demand, partly because of the "near absence" of consumer credit markets such as those in the West. With some reluctance, it advocates a system of credit-ceilings even though these can discriminate against business start-ups.

● warns that currency convertibility and establishing a realistic exchange rate for the zloty may be "initially destabilising" while the Warsaw Government's plans to put Poland's trade with the Comecon countries on a hard currency basis "may create difficulties in the short term."

The OECD report says a number of conditions in addition to realistic pricing need to be met before a market based economy can be established in Poland.

It says decision-making must be decentralised and the most efficient and innovative companies must be allowed to capture their fair share of profits. The creation and maintainance of competitive conditions is most important, it says, because this would ensure greater production of the most profitable goods by the expansion of existing businesses and the entry of new ones into given markets. Changes, which do not impede market forces, will be needed in Poland's legislative and regulatory framework.

In particular, it says companies should be subject to binding budget constraints that will compel them to rely on good management to survive. "This implies the real possibility of bankruptcy for unprofitable concerns," it says.

It calls for a "market in management" with managers rewarded for high profits and penalised for poor results "to the extent perhaps of losing their jobs."

As part of a new competition policy, Poland should set up an anti-monopoly agency with effective powers to "investigate, prosecute and remedy violations."

It believes Poland needs rules to cover labour markets. These should tackle issues such as hiring and firing, strikes and lockouts, arbitration and conciliation and the question of centralised versus decentralised bargaining systems. It warns that collective bargaining cannot define employment levels.

The OECD says such policies would entail "the risk, indeed the likelihood, of transitory unemployment" and indeed the Polish Government already expects up to 400,000 jobless as a result of its reforms.

The OECD report hints that wide ranging changes will be needed in housing, agriculture and financial markets.

It notes that existing Polish reforms have attached importance to creating a stock exchange to facilitate privatisation. However, the OECD warns that setting up an efficient stock exchange takes time and suggested that immediate steps should instead focus on reform of the banking system.

Privatisation by itself, it says, is not generally sufficient to increase economic efficiency. "It can succeed only if privatised enterprises are operating within competitive market structures."

The OECD advocates tax reform, saying it should concentrate on removing obstacles to productive investment and providing incentives to encourage development of the private sector. The tax system should also be changed to encourage foreign investment in Poland and improve tax collection.

Azerbaijan unrest spills over into riots on border with Iran

By Quentin Peel in Moscow

A WAVE of nationalist unrest sweeping the Soviet republic of Azerbaijan has spilled over into riots along the border with neighbouring Iran, according to official reports reaching Moscow.

Tass, the government news agency, said last night that crowds had attacked border posts along some 85 miles of the closely guarded frontier, burning or destroying engineering depots, communication lines and signalling equipment, and attempting to set fire to the border posts themselves.

The latest dramatic report, referring to "unprecedented barbaric actions to destabilise the situation on the border" followed a clash in the Armenian-inhabited enclave of Nagorno-Karabakh, where one man died and three were injured when police cadets opened fire to protect an Azerbaijani convoy.

In a third area of the republic, the town of Djalilabad near the Caspian Sea was yesterday reported to be still in the control of a "people's committee" after angry crowds drove the Communist Party leadership, and police forces, out of the area last week.

The extraordinary series of events was finally given news coverage on Soviet television last night, with a brief report on the border clashes in the region of Nakhichevan, an Azerbaijani enclave wedged between Armenia and Iran, south-east of Mount Ararat.

No explanation has been given for the riots, except to blame them on "extremists" and "irresponsible elements who are trying to aggravate the already tense situation in the republic and Transcaucasia as a whole."

With Azeri people living on both sides of the Soviet-Iranian border, suggestions that the rioters were trying to attack Iran seem unlikely. However the Tass report suggested that they may have been attempting deliberately to provoke a violent reaction by the Soviet border guards. One possible reason might be to drag a sympathetic Iran into the gathering nationalist conflict in the republic.

The Nakhichevan incidents have continued since December 31, two days after mobs "went on the rampage" in Djalilabad, on the far side of the republic, according to the news agency. "The crowd routed the officers of the local militia department and the party district committee," the Azerbaijan Interior Ministry confirmed yesterday.

Moscow Radio's news service reported yesterday that the "people's committee" was still in control of the town, although road blocks had been dismantled.

Then yesterday, a convoy of Azerbaijani passengers travelling through the disputed mountainous district of Karabakh was attacked by a crowd armed with stones and guns. Police cadets guarding the convoy opened fire, killing one and wounding three others. Three buses were damaged and an army vehicle burned, Tass reported last night.

The entire enclave is being blockaded by Azerbaijani workers, because of the demand of its Armenian inhabitants to be transferred to the rule of neighbouring Armenia.

Bonn expects 350,000 East bloc immigrants this year

By David Goodhart in Bonn

THE West German Government this year expects 350,000 immigrants from East bloc countries, excluding East Germany, roughly as many as in 1989. But poll evidence suggests West Germans are becoming less tolerant of immigrants from East Germany – a group numbering about 350,000 last year.

The West German Government estimates that the 700,000 immigrants from East Germany and the other East bloc countries contributed an extra 0.5 per cent to 1989's 4 per cent growth rate. But attention is increasingly focusing on the social problems their arrival helps create in West Germany.

Mr Heinrich Franke, Federal Labour Office chief, said yesterday that West Germany's 2m-plus jobless figure is unlikely to fall much before the mid-1990s, in part owing to the rising number of immigrants. East Germans are generally better qualified than Germans arriving from elsewhere in the East bloc, but those without jobs from both categories now total 340,000.

It is difficult to predict the number of East Germans who will take up their rights to West German citizenship this year, an automatic right under the German constitution. Despite the democratic upheavals of recent months, the flow of East Germans into West Germany was still running at about 2,000 a day until the end of last year. That number is expected to fall, but formal establishment of a democracy is unlikely to stop the flow completely.

The East German immigrants are likely to become increasingly unpopular in both German states. A Der Spiegel poll states that a slim majority of East Germans have no sympathy for those now leaving their country and a slightly larger majority of West Germans want the numbers cut.

A shift from reunification hopes to anxiety about social problems should benefit the Social Democrats, but they scored only 37 per cent in the latest political poll, with the CDU/CSU on 40 per cent.

Two old political themes have revived over the end-of-year holiday: whether the Bavarian Christian Social Union might break away from its sister-party, the Christian Democrats, and become a national party, and how far West German politicians can go in accepting the current Polish-German border.

On this point, the debate was this time led by Mr Rita Süssmuth, the liberal Christian Democrat and Bundestag president, who suggested the two German states should together confirm the existing Polish border prior to any formal peace treaty being signed. Mr Helmut Kohl, the Chancellor, rejected the call.

● EC officials are becoming increasingly worried about the post-1992 implications of East Germany's right to deliver goods duty-free into West Germany, the Frankfurter Rundschau newspaper says. They fear that after 1992, this will give East Germany illicit access to the whole EC. The paper says Brussels and Bonn will hold talks in the next few days.

Britain may move down IMF ranking

By Peter Norman, Economics Correspondent

BRITAIN is prepared to cede its position as the second biggest member of the International Monetary Fund to Japan, and drop to number four in the rankings behind West Germany.

The Treasury said yesterday that Britain had proposed to cut its IMF quota, or membership subscription, to just over 6 per cent from 6.87 per cent in the course of a forthcoming general increase in the Fund's resources from their current level of 90bn Special Drawing Rights ($119bn or £73bn).

It is understood that the British plan, which could end a long standing wrangle among the Group of Seven leading industrial countries over the pecking order, has been outlined to the IMF board. The other leading members are now believed to be studying the offer.

The British proposal envisages Japan increasing its quota share from the present 4.69 per cent by virtue of a special increase in its IMF subscription and so moving up from number five position.

West Germany, which currently has a 6 per cent quota share would increase its stake slightly in the course of the general quota increase to stay ahead of Britain at number three.

It is unclear whether the British proposal touches on the French ranking. France at present occupies fourth position with a 4.97 per cent quota share and was thought to be reluctant to move down to fifth position to make room for the UK at number four.

British Treasury officials said yesterday that one reason Britain had decided to reduce its quota share in the IMF was to allow the developing countries to maintain their present position in the Fund vis-a-vis the G-7 nations.

The cession of the number two position to Japan was accepted in principle last year by Mr Nigel Lawson, the former British Chancellor of the Exchequer.

However, the decision to accept a lower position than West Germany appears to have been made by Mr John Major, the present Chancellor, after several meetings in November and December of the senior finance ministry officials who comprise the G-7 deputies group.

Entire Romanian politburo under arrest

THE NEW Romanian Government said yesterday the entire Communist party politburo was in detention, agencies report from Bucharest. The Foreign Ministry spokesman, Mr Constantin Girbea, who made the announcement, said: "I estimate there are about 60 . . . all close colleagues of Ceausescu . . . All evildoers from the old regime will be brought to justice."

He also promised that judgment would follow for "all members of the Ceausescu family," but said the Defence Ministry would announce further details of punishments.

The deposed dictator Nicolae Ceausescu and his wife Elena, formerly the country's second most powerful person, were summarily tried and executed on Christmas Day on charges of genocide and other grave crimes. Where and whether they have been buried has not been officially disclosed. But Yugoslavia's Tanjug news agency reported Mr Girbea as saying the couple were "probably buried on the spot."

● The Deputy Foreign Minister in the new Government died of a stroke in Bucharest late on Monday.

Mr Corneliu Bogdan, 68, was born into a Jewish family in Bucharest and served as ambassador in the US from 1969 to 1977. He returned to Bucharest and, after a period out of Government, was named to a post in the Foreign Ministry giving him authority over Western hemisphere relations.

A stepdaughter, Ms Svetlana Hoge, who lives in Washington, said that there had been friction between her father and the Ceausescu government and that Mr Bogdan was forced to leave the ministry and live under virtual house arrest.

● The death toll in last month's uprising may have been only a fraction of the official estimate of 60,000, according to the head of the League of Red Cross and Red Crescent Societies. Mr Par Stenback said that 5,000-10,000 would be more accurate.

Mr Bogdan: former US envoy

Skoda car output hit by amnesty

SKODA, the Czechoslovak motor manufacturer, has had to halt almost all production at a plant near Prague because it has lost all its workers in a prison amnesty, Mr Petr Miller, the Minister for Labour and Welfare, said yesterday, Reuter reports.

President Vaclav Havel, who spent five years in prison for his human rights activities, announced the amnesty on Monday in which over 20,000 prisoners are expected to be released. Many heavy industry jobs have traditionally been done by prison inmates.

"Car production at Skoda's Mlada Boleslav plant has come to a near-standstill because they lack bodies," Mr Miller said on television. The working group would look for long-term solutions but state-owned Skoda "will need quick, temporary solutions".

Generations come together to revive political life

Judy Dempsey reports from Bucharest on freedom's chaotic rebirth in Romania

AN OLDER generation which had lost everything and a generation with nothing to lose since their birth a quarter of a century ago, yesterday rubbed shoulders as they both sought to revive political life in Romania.

The setting was an old house, which until the revolution was the Communist party branch responsible for ideological and educational activities in Sector 3 of Bucharest.

The scene was one of absolute chaos. As the slogans of Mr Nicolae Ceausescu, emblazoned across plastic posters on the walls and extolling the virtues of "theoretical and ideological activity", were waiting to be torn down, veterans from the old National Peasants Party, one of the largest of the inter-war parties, and youths, thrashed out their political programme.

Each wanted to speak. Each had a story to tell. Each man, who had been muzzled for half a century, and youths who had been silenced since birth tried to explain what they wanted to do with their new freedom.

First to speak was Mr Grigor Brancusi, the nephew of Constantine Brancusi, Romania's greatest sculptor who died in exile in Paris in 1956.

A man of 79, who had had no chance to speak in a foreign language for the best part of four decades, described in halting French his early days in the Peasants Party.

"I was working in Bucharest before the Communists seized power after the Second World War. Then, I went into the mountains to fight them. I was caught and sent to jail for 13 years. Now, after those terrible years I hope that the Romanians will understand that it is necessary to start a completely new life."

His colleagues and friends, many of them dressed in thick black overcoats, each donning an Astrakhan hat, recounted their own experiences. One common theme bound them.

They had all been supporters of Mr Iuliu Maniu, the Peasants Party leader, who was sentenced by the Communists in 1947 to life imprisonment where he died. Each had been imprisoned. Some had been sent to the notorious giant labour camps on the Danube-Black Sea Canal where many of their friends died. Others had been sent to the Bijo Sprie mines in Transylvania. No sooner had they been released in the early 1960s, than they had again been subjected to another tyranny: this time, the Ceausescus.

But now, in an extraordinar display of energy, the National Peasants Party has been revived.

For the moment, it supports the National Salvation Front which was set up on December 21, the night of the revolution. But these old, wise men insist that they will not be outmaneouvred by the Front.

"We want television time, too," they said. "We do not want the Front to monopolise the political agenda. We want to explain our programme. We want private property for the peasants, and democracy; compensation for the thousands of political prisoners and justice." They have no idea about how to organise the membership, which numbered some 2m before it was banned by the Communists in 1947. It is understandable given the destruction of all political life since the Second World War.

"We have no Xeroxing machies, no newspapers, no structures for the dissemination of information. But we will start to set up networks throughout the country. But now, as you see, we're only beginning to find our voice again", said Mr Ion Lup, who was formerly secretary of the workers' branch of the party in Bucharest.

Hovering in the background was a group of young people who have already set up a movement called the Christian Democratic Youth which is under the umbrella of the reconstituted Peasants Party.

"If the National Salvation Front does not deliver the goods which they promised, then we will take to the streets again" said Ion Radou, a 25-year-old philosophy student.

The aspirations of these young people are striking. Bread alone will not satisfy them. What they want is the spiritual rejuvenation of Romanian society.

"Even if we are given bread or money, it is not enough", said Ion, who two months ago, wrote to Radio Free Europe criticising the Ceausescu regime. Thereafter, he was interrogated. Two days before the revolution, the Securitate picked him up and detained him until December 21.

Ion and his fellow students had no fear of the Securitate. "If we had, we would never have confronted them during the revolution. You must understand, we had nothing to lose. We were willing to be sacrificed because the situation had become unbearable."

The events sweeping through Eastern Europe had not inspired them. "We were alone when we knew that Gorbachev would not oust Ceausescu. But it was the Soviets who brought communism to our country and by force. It was a good thing that the Front rejected Soviet assistance this time. After all, this is our revolution."

That aside, but only for a short time, this movement will give the National Salvation Front a chance to make the painful transition from a totalitarian regime to a democratic system.

But Ion and his young friends are adamant that "we will fight for real democracy. We have lost too much blood for this freedom. If necessary, if the Front does not give us television time we will buy that time in order to explain our programme.

Their programme contains strong spiritual/Christian elements and thus has no equivalent with its counterparts in Eastern Europe. This is because what has taken place in Romania over the past fortnight is unique.

The revolution toppled a totalitarian system. The young people yesterday tried to explain how this system instilled fear on a scale difficult for outsiders to grasp.

It was, they added, a system which degraded and set out to humiliate a society. The task now of these grandparents and grandchildren as they gathered together yesterday was to make Romania a decent, civilised home, fit for the country's next generation.

Greeks ease travel

Greek tourists, whose travels are limited by tough foreign exchange controls, may now take the equivalent of Ecu1,000 (£730) when holidaying in other EC countries, Reuter reports from Athens. This is an increase from Ecu840 and is effective immediately, Bank of Greece officials said.

Spanish strike

Coalminers in Spain's northern Asturias region went on their second 24-hour strike in a week yesterday to demand safer working conditions after the death toll in the country's mines reached 26 in 1989, unions told Reuter in Oviedo.

Airline for sale

Hungary's reform-minded Government plans to privatise the Malev state airline, Mr Sandor Kalnoki Kiss, the Deputy Transport Minister, said yesterday, Reuter reports from Budapest.

E German Communists plan a clean sweep

EAST GERMANY'S Communist Party served notice yesterday that it was dismissing large numbers of staff, sweeping away special privileges and reorganising its entire structure because of an urgent need to economise, Reuter reports from East Berlin.

In an interview published in the party newspaper, Neues Deutschland, Mr Lothar Bisky, a Central Committee member, said senior Communists would cut their pay, give up private Western cars and end personal use of official country houses.

The politburo would lose its special dining room and eat in a canteen with other party members. "We are simply forced . . . to think more economically," Mr Bisky said. "This is an inevitable consequence of the division of party and state."

The party had abolished several senior posts and replaced them with nine committees in charge of policy and day-to-day running of the party.

Large numbers of staff who propped up the old party structure had been dismissed, he said, without specifying how many. "They have . . . nothing more in common with the present party apparatus, neither for their large numbers nor in their working methods." Their last task before being dismissed would be to go to the provinces to oversee the very transformation of the party structure that was putting them out of a job.

Mr Bisky said top party officials, including Mr Gregor Gysi, the new leader, would take a pay cut of Marks 1,000 (£370 at the official rate) a month.

Turks returning to Bulgaria 'able to reclaim jobs and property'

By Jim Bodgener in Ankara

ANY ethnic Turkish emigres returning to Bulgaria from Turkey will be able to reclaim their jobs and property, the Bulgarian consulate in Istanbul announced yesterday.

The move follows the Bulgarian Communist Party's decision last Friday to grant religious rights to the country's ethnic Turks, said the Bulgarian consul, Mr Slavi Slavov.

Mr Slavov also said the new Bulgarian government would declare an amnesty soon for those imprisoned for other than terrorist crimes. He did not elaborate.

About 320,000 ethnic Turks from Bulgaria's 1.5m strong minority crossed into Turkey last summer, driven out by a forced assimilation campaign of the former regime of Mr Todor Zhivkov.

The campaign included stringent curbs on ethnic and religious rights and the forced change of their Moslem names.

Turkey successfully staunched the flow at the end of August by introducing new visa requirements, fearing that the emigres might swamp available housing, infrastructure and employment.

About 90,000 ethnic Turks returned voluntarily to Bulgaria while Mr Zhivkov was still in power. But the daily flow homeward of around 1,000 has not increased since last week, and around 80 immigrants a day are still arriving at the Turkish borders with entry visas, according to a Turkish foreign ministry spokesman yesterday.

Reuter adds from Kurdzhali: Angry Bulgarians chanting anti-Turkish songs dating back to Ottoman rule of the Balkan country demonstrated in the southern town of Kurdzhali yesterday against the decision to grant religious rights to local ethnic Turks.

Police with batons kept about 1,000 Bulgarians and ethnic Turks apart at the protest outside Communist Party headquarters. Shouts of "Bulgaria, Bulgaria" and "No to Turkish slavery" were answered with: "Give us our names back. We want our rights."

Turks in the crowd outnumbered the Bulgarians, who are angry at a decision by the country's new Communist leaders to grant religious and cultural rights to ethnic Turks.

About 10,000 Bulgarians staged a similar protest on Monday in Kurdzhali, 250km south of Sofia, and about 600 Bulgarians in 120 cars have since been seen driving to Sofia, where they plan to lay siege to the National Assembly building.

Local Communist authorities in Kurdzhali, a predominantly Turkish town of 50,000 people, decided on Saturday to defy the ruling Central Committee's decision to overturn the previous leadership's policy of forced assimilation of ethnic Turks.

The Bulgarians, who said they were not consulted about the decision, demanded a national referendum to decide the fate of the country's 1.5m ethnic Turks, many of whom live in this mountain region close to the border with Turkey.

Cars heading for the planned protest in Sofia drove with headlights on and carried Bulgarian banners. Participants said they would be joined by Bulgarians from other provinces of the country who oppose the Communist Party policy.

They said they would remain in Sofia until the government accepted a petition they planned to hand over.

The new Communist leadership of Petar Mladenov, concerned at the damage to Bulgaria's image from its past policy of forced assimilation of ethnic Turks, ruled last week that ethnic Turks and the 200,000 Bulgarian Moslems would be allowed religious freedom and the right to use their Moslem names.

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Argentina enters 1990 with cycle of hyper-inflation

By Our Foreign Staff in Buenos Aires

THE Argentine economy is entering 1990 in a new cycle of hyper-inflation. In an effort to calm nerves, Mr Antonio Erman Gonzalez, the Economy Minister, announced a new package of measures aimed at checking the austral currency's decline against the dollar, which led to precipitous price rises and consumer shortages over the new year weekend. Yesterday was declared a banking holiday.

The Minister's plan surprised analysts with its measures intended to force companies and investors into selling dollars and buying australs.

His tactic is to limit to australs 1m ($430) the amount which investors in fixed term depotits can withdraw in cash, while at the same time promising strict collection of taxes and other debts to the state, which have hitherto been limply enforced.

The theory goes that, in order to raise funds to meet such obligations to the state, investors will either have to sell dollars or accept repayment as their saving in govenment External Bonds.

The former method would fortify the austral, while the latter would avoid the need to kprint money to meet interest payments. Either way, the strategy is to check inflation which in December reached almost 100 per cent.

Mr Gonzalez' announcement came after merchants throughout the country were marking up prices over the three day new year week end.

The chaotic prices and widespread shortages of food, pharmaceutical products and petrol were prompted by rumours that the government was planning to devalue the austral from its rate of 1,950 per dollar on Friday to 4,000 per dollar yesterday.

This was seen to be part of a programme to "dollarise" the economy, and hence achieve stability by linking the currencies to the dollar.

The rumour has been gathering strength throughout last week and press reports indicate that a dollarisation plan had been drawn up by Economy Ministry officials, but failed to win political support in the cabinet.

When Argentina's president Carlos Menem took office, five months ahead of schedule on July 8,the country was in the grip of hyper-inflation which in that month reached nearly 200 per cent.

The new administration announced a strategy to tackle the crisis on two fronts. First, a long term programme of state reforms, based on selling off inefficient and bankrupt state firms, eliminating widespread tax evasion and cutting state spending.

In the shorter term, the government undertook a stabilisation programme based on a wage and price freeze and a fixed exchange rate.

For the first three to four months, this formula held and brought inflation down to a low of five per cent in October.

However wage pressure from a trade union movement disillusioned with president Menem's non traditinal, capitalist brand of Peronism struck at the heart of the stabilisation programme late last year.

Comeback for US machine tools

By Nancy Dunne in Washington

THE US machine tool industry has been slowly recovering since the Reagan Administration in 1987 instituted "voluntary" import quotas, fearing US manufacturers were becoming too reliant on foreign producers.

The five-year Voluntary Restraint Agreements (VRAs) have given US-owned companies time to recover from four years' losses, while encouraging Japanese companies to transplant manufacturing to the US, Mr Jim Mack, for the National Machine Tool Builders Association, said.

The VRAs were established with Japan and Taiwan, but the US strengthened protection by warning other countries that more imports would acted against.

So far, the tactic has blocked surges. Imports have been cut in four key areas – machining centres, lathes, punching machines and milling machines.

While foreign toolmakers have been forced to curb their exports, they have adjusted by moving production to the US or expanding facilities there. One Japanese subsidiary, Mazak, recently doubled investment in its US plant, and in December became the first US subsidiary of a Japanese machine toolmaker to announce plans for a US research and development facility.

"We not happy with VRAs," said Mr Teruyuki Yamazaki, chairman of Yamazaki Mazak Corporation. "But, we have not been much harmed."

Mazak opened its first US office in 1968 and began building a plant in Kentucky six years later. VRAs have forced the company to locate more of its production in the US, but it has benefited from a US presence.

It has found US workers more "enthusiastic" than their Japanese counterparts, but they expect higher pay. Now nearer to its customers, it has a better understanding of the market, and is eligible for US defence orders.

It is by no means clear that the five years of protection will suffice to save US machine-tool companies. The industry still suffers from high-cost capital, scarce export financing, and strict export controls. It has improved its products, but a survey by the Society of Manufacturing Engineers found that US manufacturers continue to rate foreign-built machine tools more highly.

"The US producers have gained market share," said Mr Mack, "but there is still strong price competition so that profit levels are not where they should be." He would not rule out asking for VRAs to be extended. The curbs were imposed to ensure continuation of an indigenous machine-tool industry. "The ownership is less important than where it is located, as long it is real manufacturing capability, not a screwdriver plant."

Cocaine seized from Colombian ship's hull

COCAINE worth $4.2m was stashed in two waterproof tubes attached to the outside of a Colombian ship's hull, according to police who seized the drug and arrested four men in diving gear, AP reports from Jacksonville, Florida.

Four Colombians in diving suits appeared at a nearby boat ramp apparently to retrieve the 265 pound (120kg) cache, and were arrested on drug trafficking charges.

Military cargo arrives

American soldiers yesterday began removing about 1,000 pieces of military hardware sent by ship from the US for use in forthcoming exercises in Germany.

US General John Galvin, the top military commander in Europe for the North Atlantic Treaty Organisation, reiterated that the allies still needed to maintain a strong defence despite the easing of East-West tensions.

Smoke in cockpit

An American Airlines DC-10 made an emergency landing at Baltimore-Washington Airport yesterday after the pilot reported smoke in the cockpit, officials said. Nine passengers were injured in the evacuation.

Garcia resigns

Congressman Robert Garcia, awaiting sentencing this month on his extortion conviction in the Wedtech scandal, announced yesterday that he was resigning his seat in Congress.

Garcia, 56, and his wife, Jane Lee Garcia, 48, were convicted last October of extorting $178,500 in cash, loans and jewellery from Wedtech, a now-defunct defence contractor. They could face up to 45 years in prison and $750,000 in fines.

US designer dies

Patrick Kelly, the only American ever to be a member of France's powerful Chambre Syndicale of Ready-to-Wear and Couture, the French professional fashion organisation, has died, his company announced yesterday.

Pain and gain from adjustment

Canute James examines Guyana's problematical economy

GUYANA, overtaken by stagnation and late off the mark, is the acid test of the viability of structural adjustment in the Caribbean region. "If it works here," said a local businessman of the programme announced by the government in April, "then it will work anywhere."

The collapse of the Guyanese economy meant that the measures needed to adjust it have been more drastic than in other countries in the region, and the public reaction more bitter.

It was a fear of such a reaction, which included a six-week strike in the main economic sectors, that caused the government to hesitate in implementing such a programme.

Having eventually accepted – in the words of Mr Carl Greenidge, Finance Minister – that there was no alternative, more austere measures were needed to deal with deeper problems. "It may well be that there are many risks involved in this path we have chosen to pursue," he said, introducing the structural adjustment measures. "However, we are certain to be the losers if we do not try."

The country's economy, based on sugar and rice production, and on bauxite mining, has been declining for the past eight years, and contracted by 3 per cent last year.

Efforts to improve productivity and production in the main sectors have been unsuccessful, and export earnings have been far below levels needed to finance imports and service the foreign debt of $1.7bn, of which $1.2bn represents arrears.

The late President Forbes Burnham rejected conditions which would have been part of an IMF credit package in the early 1980s, thinking the social and political cost too high.

The deterioration in the economy continued as the government of President Desmond Hoyte, who succeeded Burnham, failed to raise new funds from foreign creditors. Commercial and bilateral lenders refused to consider refinance suggestions until an IMF pact were agreed, and the government found it increasingly difficult to finance its outstanding debts. Clearing the arrears would have demanded about six times last year's total foreign earnings. The IMF, which was not being repaid for earlier

loans at the rate agreed, said Guyana was ineligible for further financial assistance.

In reversing its policy and mending fences with the fund, the government was aware of the likely social and political consequences, but had reached the stage a year ago where it could see no viable alternative. Mr Hoyte admitted he expected some degree of industrial unrest because of the structural adjustment measures, but that the economy could not recover "without some pain."

At the heart of the measures was a 70 per cent currency devaluation, which took the Guyana dollar to 33 to the US dollar. This was still below the rate of G$55 to the dollar on the busy parallel market, but the devaluation was accompanied by an increase in interest rates, with the bank rate set at 35 per cent. The intention was to reduce liquidity by soaking up money which was fuelling the parallel market. With money more expensive, and an overnight increase in prices of between 200 per cent and 300 per cent, currency traders found fewer clients.


Hoyte: Unrest expected

The economic dislocation suffered by Guyanese resulted in the strikes, which crippled the bauxite and sugar sectors, threatening to abort any early benefits which the government was expecting from the structural adjustment programme.

Performance targets agreed with the IMF were endangered as the government's offer of a 20 per cent wage increase failed to placate unions and workers.

"The programme aims at nothing less than the radical adjustment of Guyana's economy and the lifting of its productive capacity," said Mr Greenidge. It aims to establish the basis for real economic growth, improve the fiscal accounts through deficit reduction, to improve exports and reduce the balance of payments deficit.

The targets include 4 per cent GDP growth a year, curbed inflation (which will be difficult this year because of the price increases), incorporation of the parallel market to the official economy, and elimination of arrears on foreign obligations.

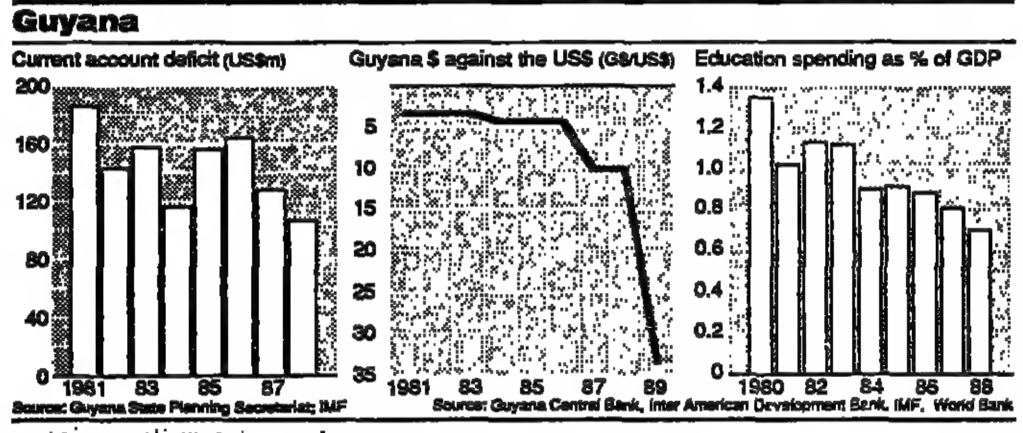
There are already signs that foreign creditors are becoming less reluctant since the agreement with the fund. The government has been negotiating with the Paris Club of creditors and has organised financial support from a group of donor countries.

Even so, Guyana is discovering that mere willingness to swallow the medicine is not enough. Six months after implementing the programme, Mr Greenidge said, the country had not received the bilateral support which it had been led to expect. There had been little response from the group of countries which had pledged support, he said.

"The programme was intended to deliver US$229m in 1989, but $180m of this was for clearing arrears," the minister said. "Of the remainder, $26m was earmarked for current payments to multilateral institutions. We have got no cash from the IMF or the World Bank." All discussions on likely alternatives have concluded that the government, by delaying, had painted itself into a corner. "The Guyana economy cannot, by any stretch of the imagination, be characterised as in balance," said Mr Greenidge.

This is the last article in a series on structural adjustment in the Caribbean. Previous articles appeared on October 5 and 13, and November 9.

Guyana



Weizman compromise leaves Shamir hard line intact

By Hugh Carnegy in Jerusalem

A POLITICAL crisis that briefly threatened to topple Israel's fractious coalition Government dissolved yesterday when the Likud and Labour parties reached a compromise in their row over a Labour minister's contacts with the Palestine Liberation Organisation.

The row erupted on Sunday when Mr Yitzhak Shamir, the hardline Likud Prime Minister, sacked Mr Ezer Weizman, the Labour Science Minister who freely acknowledged having held indirect discussions with the PLO, contrary to official government policy.

Yesterday morning, Mr Shamir instead accepted Mr Weizman's resignation from the inner cabinet, the top ministerial echelon, and an undertaking to cease contacts with the PLO, allowing the Labour Party to back down from its threat to leave the coalition if the Prime Minister did not withdraw Mr Weizman's dismissal.

Mr Weizman, a former Likud Defence Minister but now one of Labour's foremost "doves", keeps his portfolio and remains in the Government as a junior minister. But Mr Shamir's aides insisted that the outcome strongly favoured the Prime Minister and Likud.

They said Mr Shamir had succeeded in his main purpose of ending what they called "anarchy" within the Government in which Mr Weizman had clearly defied Government policy by talking to the PLO. More significantly, Mr Shamir had sent a clear message that he would not bend in his refusal to negotiate in any form with the PLO.

This was timely because Mr Shamir is under some pressure from the US and Labour to accept a US formula for Israeli-Palestinian peace talks to be held under Egyptian auspices which Likud suspects would amount to thinly-veiled negotiations with the PLO.

The Weizman incident had clarified Mr Shamir's position "not necessarily to the US, but to Egypt, the PLO and some elements in this country," said Mr Yossi Ahimeir, head of the premier's private office, who acknowledged that Israel had yet to receive a satisfactory response from Washington on its request for assurances that the US plan would not involve the PLO.

Mr Shamir's camp was also pleased that he had not had to sacrifice the coalition to make his point and, not for the first time, had been seen to have called Labour's bluff. "It is clear who is the king in his kingdom," said Mr Ahimeir.

The key figure in arranging the compromise was Mr Yitzhak Rabin, the Labour Defence Minister, who again asserted his role as the party's chief playmaker in the Government to the evident discomfiture of Mr Shimon Peres, the Finance Minister and party leader.

Mr Rabin, determined that Labour should stay in harness with Likud as long as there is any prospect of progress in the peace process, apparently made it clear to the rest of the party that his supporters would not back Mr Weizman. They feared Labour would be portrayed as supporting negotiations with the PLO which is not party policy - although many Labour members do support such a step.

Mr Rabin suggested the resignation option to Mr Weizman instead. "I won't say he wasn't advised, but in the end it was his decision and I bless him for it," Mr Rabin said.

Mr Peres, aware that his already weak electoral position would be much worse without the backing of the popular Mr Rabin, was left saying merely that he had agreed to the compromise.

Editorial Comment, Page 10

Ezer Weizman speaking with reporters yesterday after his meeting with Mr Shamir

Salvage company assails Morocco and Spain over oil spill

By John Hunt, Environment Correspondent

A DUTCH salvage company said yesterday that refusals by Spain and Morocco to allow the leaking Iranian supertanker, Kharg-5, into sheltered waters for repairs had worsened the oil spill off the Moroccan coast.

The Kharg-5 was crippled by a series of explosions on December 19 when it was 400 miles north of the Canary Islands. Last night the salvage company, Smit Tak, had three tugs towing the vessel 100 miles off Morocco.

A spokesman for the company, Mr Daan Kaakebeen, said that the fire on the ship had been put out by December 21 but permission had been refused for it to be towed in for emergency repairs. As a result it had to be kept out in high seas which delayed repairs and prolonged the leakage of oil, he said.

Last night, in gale force winds and high seas, the tanker was being taken to a rendezvous south of the Cape Verde Islands where the remainder of the oil will be transferred to another tanker.

Mr Kaakebeen said that it had not been leaking oil for 24 hours.

The London-based International Tanker Owners' Pollution Federation (ITOPF) said yesterday that according to its own survey the danger of serious pollution of the Moroccan coastline was receding.

Dr Ian White, managing director of the federation, said that one of his colleagues, Dr Brian Dicks, had flown over the area off the Moroccan coast for four hours.

He reported that there was no significant oil pollution within 60 miles of the shoreline and that the oil further out was patchy and breaking up due to high seas.

But Mr Brice Lalonde, the French Environment Minister, who is also on the scene, said that the danger remained that high winds could push the 185-mile oil slick ashore.

"If the wind pushes the slick, it could reach the coast in two or three days," he said.

The Iranian authorities, while confirming that the leak in the tanker had been stemmed, attacked what it termed the "imperialist media" for exaggerating the extent of the oil spill and its likely damage to the environment.

An international team of specialists has been in Morocco since the weekend to advise the Government on methods of preventing the oil reaching the shore where it could threaten oyster beds, fishing stocks, resort beaches and a pink flamingo breeding ground.

They had responded to a government appeal which had said that unless the threat was averted there could be an environmental catastrophe of "tragic dimensions".

Two experts from the Oil Spillage Response Centre in Southampton, which is supported by the major oil companies, have also flown to Morocco with 1,000 yards of boom cable to protect oyster beds at Oualidyia.

Dr Ian White said earlier that heavy seas in the area in the early stages of the operation had prevented a boom being put out and the oil being skimmed off. As the oil had now thinned out and broken up, the priority was to put booms around the most sensitive part of the coast.

It is believed that more than 70,000 tonnes of oil have escaped from the vessel. This is far larger than the leakage from the Exxon Valdez which ran aground in Prince William Sound, Alaska, last March.

Move reinforces Palestinian pessimism about peace process

By Lamis Andoni in Amman

THE DECISION by Mr Yitzhak Shamir, the Israeli Prime Minister, to demote Mr Ezer Weizman for contacting the Palestine Liberation Organisation has reinforced Palestinian pessimism about the peace process.

Above all it has confirmed PLO suspicions that Mr Shamir does not want an Israeli-Palestinian dialogue to take place. "Shamir is backing down from the idea," says one senior PLO official. "He is actually trying to obstruct such a dialogue."

PLO officials argue that Mr Shamir realises it will be virtually impossible to organise the planned Palestinian-Israeli dialogue in Cairo without the PLO. The Israeli Prime Minister, they say, has therefore decided to prevent high-level Israeli contacts with the organisation.

According to a five-point plan put forward by Mr James Baker, US Secretary of State, the foreign ministers of Israel, Egypt and the US are supposed to meet this month to organise the Cairo dialogue.

There now seems to be a stalemate for, while Israel refuses any PLO involvement in the dialogue – which it prefers to be confined to Palestinians from the occupied West Bank and Gaza Strip – the PLO insists on publicly naming the Palestinian delegation.

In the eyes of the PLO, however, the US bears much of the blame for impeding the peace process.

"The US attitude in insisting on an indirect and invisible role for the PLO in the dialogue is encouraging Shamir to persist in refusing to deal with the PLO," says Mr Abdullah Hourani, a PLO Executive Committee member. PLO officials say that the US has backtracked on maintaining a direct US-PLO negotiation channel via the US ambassador in Tunis by forcing the organisation to direct its diplomatic efforts through the Egyptian Government.

The apparent shift in the American attitude has dampened Palestinian expectations that the US-PLO dialogue, which started in December 1988, would lead to official US recognition of the PLO as the legitimate representative of the Palestinian people.

According to PLO officials, the real dialogue with the US has been stopped since August last year when the fourth round of talks in Tunis took place with Mr Robert Pelletreau, the US ambassador. Mr Pelletreau's role, they say, has been reduced to that of a messenger.

"At the begining Pelletreau had some negotiating power but this limited authority has been diminishing," says one PLO official. PLO leaders say Washington demanded that their reply to Mr Baker's proposals should be conveyed through Cairo, and when they tried to deliver their reply to Mr Pelletreau it was dismissed by the US as unofficial.

"I do not get it," says Mr Yassir Arafat, the PLO leader. "After one year of dialogue, the US is still ignoring the organisation's role and is looking for the representatives of the Palestinian people. With whom have they been talking? With ghosts?"

Delhi draws up fiscal and trade policies

By K.K. Sharma in New Delhi

THE Indian Government is to come up with a three-year foreign trade policy to be announced on April 1 and a new long-term fiscal policy to be presented to parliament in the next few months.

These moves are part of a 35-point "action plan" for this year to give speedy effect to the election manifesto of the National Front coalition that took power after November's general elections.

The decision on new foreign trade and fiscal policies bears the stamp of Mr V.P. Singh, the Prime Minister. He introduced similar measures when he was Commerce Minister in the late Mrs Indira Gandhi's Cabinet and Finance Minister in Mr Rajiv Gandhi's Government.

Foreign trade policy was due to be reviewed in April, 1991, and it is expected that the new policy will retain much of the liberalisation from controls that were introduced four years ago by Mr Singh.

However, it is likely that curbs on certain imports will be introduced to help deal with the current foreign exchange shortage. Such import cuts were recently recommended by the country's economic advisory council and are being considered by the Finance and Commerce Ministries.

The fiscal policy is expected to provide for a continuity of direct and indirect tax laws and rates that will be announced when the first budget of the new Government is announced in the next few months. An interim budget is to be presented to parliament next month.

The Government's statement on the "action plan" reiterates its decision to allocate 50 per cent of resources available for investment to agriculture and the rural sectors to fulfil the National Front's election pledges. This is to done as early as the financial year beginning next April 1.

Priority is also being given to cancel farm loans of up to Rs10,000 (£373) despite the large amount this involves and the criticism this proposal has raised among some economists on the ground that it will add substantially to the existing large budgetary deficit.

To benefit farmers, the statement also promises a new formula for prices for agricultural products that will take inflation into account. Farm labour is to get higher wages.

Other points in the "action plan" include legislation to introduce a fundamental right to work. This will be accompanied by an employment guarantee scheme.

Discussions are to be held with chief ministers of the states on such issues as autonomy at district level, communal violence, electoral reforms and workers' participation in management.

Burma begins countdown to elections

Chit Tun reports on how over 100 parties will contest the first free poll in 30 years

WITH just four months to go before Burma's first multi-party elections in 30 years, six sizeable parties have emerged to challenge for power and more than 100 others intend to field candidates.

At least 200 political parties were formed in the wake of last year's pro-democracy demonstrations but nearly half of them have since disbanded or are unable or unwilling to contest a minimum of three seats as required under the electoral law for registration as a party.

The National Unity Party (NUP), which is the former Burma Socialist Programme Party (BSPP) with a new name, is fighting 450 of the 491 seats.

Believed to be the best organised and financially sound, the NUP will test the military government's claim that last year's anti-BSPP and pro-democracy protests were more a creation of underground Communist agents and right-wing dissidents than a spontaneous outburst of popular discontent.

Aung San Suu Kyi: detained

The other five main parties are the Democracy Party, the League for Democracy and Peace under the leadership of former Prime Minister U Nu (placed under house arrest last week), the Union Nationals Democracy Party of the retired military officer, General Aung Gyi, the National League for Democracy of retired General Tin U and pro-democracy campaigner, Aung San Suu Kyi (both under house arrest since last July), and the Coalition League of Democratic Parties.

For the remaining 112 parties which intend to field candidates, the object of the exercise is simply to take part in the revival of political life.

Among the relatively small parties are 32 representing ethnic minorities such as the Karens, Kachins, Shans, Chins and Arakanese. They will field candidates only in their own highland and border regions.

The Election Commission is happy that such a large number of parties are taking part: "It demonstrates the parties' confidence in the integrity of the Commission," said its chairman, U Ba Htay.

However, there are fears that such a multiplicity of parties might well lose the large parties crucial seats and result in no single party emerging with the majority to form a stable government.

The post-election scenario could well be a succession of weak coalition governments, and a repeat of the political confusion, chaos and corruption of the late 1950s and early 1960s that finally led to military intervention and the demise of democracy.

Amnesty fears Israel condoned killings

AMNESTY International says it fears the Israeli Government has condoned and even encouraged the illegal killing of Palestinians by its forces to help control unrest in the occupied territories, AP reports.

The London-based human rights organisation said the guidelines for the use of firearms by Israeli forces might permit unjustifiable killings of unarmed Palestinians, and claimed abuses were not adequately investigated.

"We are concerned that taken together these factors appear to add up to more than just tolerance of serious abuses and amount to real encouragement of them," Amnesty International said in its January newsletter published today.

The Israeli Embassy in London called the allegations "groundless and unsubstantiated".

Korean Soviet plans

Mr Choi Ho Joong, the South Korean Foreign Minister, said yesterday Seoul would start talks soon with the Soviet Union on establishing formal diplomatic relations, state radio reported, AP writes.

Cold killer in India

The poor and homeless in India and Bangladesh are dying of cold, Reuter reports from Dhaka. Over the past several weeks, at least 109 people have died in northern India where temperatures have dropped as low as 1.14 degrees celsius, the Press Trust of India reported.

At least 98 more died in northern and central Bangladesh where poor villagers have marched through the streets demanding free warm clothes from the Government.

Damage to coastal fish stocks could prove costly

By Francis Ghilès in Casablanca

THE oil slick off the Moroccan coast could pose a threat to the kingdom's fast-developing fishing industry.

If the oil were to spread south, it would also hit the high-sea catches of cuttlefish, octopus and white fish which are landed at the ports of Agadir and Tan Tan and the Canary port of Las Palmas. This sector of Morocco's fishing industry employs far fewer fishermen, on large modern vessels, but constitutes a very lucrative source of export income than the inshore sardine fishing.

Morocco's total fish catch increased by 75 per cent to 550,000 tonnes annually between 1980 and 1988. Over the same period, the value of exports was multiplied eightfold to Dirham 3.4bn (£260m).

More than 50,000 Moroccans are employed in the fishing industry. The bulk of the fleet of small boats operate in coastal waters.

However, a further 50,000 Moroccans work in the fish-processing and canning industries. The social consequences, at least on the coastal towns, could have been serious had the spill been worse as sardines are very much the poor man's staple food.

Morocco's increasingly important tourist sector is not affected so far.

Indeed, the coast between the ports of Mehdia, north of the capital, Rabat, and Safi, boasts no major tourist resorts.

But were the oil to move southwards, to threaten Agadir, the story would be different, as the capital of southern Morocco attracts visitors all year round.

Ironically, the coast around the major fishing port of Safi, off which the Iranian tanker spilled much of its load, has been increasingly polluted in recent years by effluent from the factories of the Office Chérifien des Phosphates (OCP), Morocco's state phosphate monopoly, which also produces phosphoric and sulfuric acid and a variety of fertilisers, such as TSP (Triple Super Phosphates) and NPK.

Some of the plants at Safi and nearby Jorf Lasfar are the largest of their kind in the world, but their activities have been worrying local people for more than 10 years.

Lukman move seen as a loss for Opec

THE often-fraught councils of the Organisation of Petroleum Exporting Countries will lose a key mediator with the surprise exit of its president, Mr Rilwanu Lukman of Nigeria, Reuter reports.

An unexpected Lagos cabinet reshuffle last week moved Mr Lukman, 51, from energy to foreign affairs. Opec officials assume he will will give up the presidency.

"What a pity for Opec," said a delegate of a Gulf Arab country. Mr Lukman chaired the organisation for an unprecedented six half-year terms, having first been elected president of the 13-nation group in June 1986.

The period, Mr Lukman himself says, was "our darkest hour". He took over during the worst of the 1980s' oil glut when prices had crashed from $40 to $10 a barrel. Also in 1986, King Fahd sacked Sheikh Ahmed Zaki Yamani. As Saudi Arabia's oil minister, Sheikh Yamani had dominated Opec.

In Mr Lukman, however, Opec found the kind of chairman that most international organisations only dream of as it struggled to get 13 fractious members to abide by production quotas necessary to erase the oil glut and restore prices.

Helped by better, if not yet total, Opec discipline, rebounding worldwide demand and a cold US winter, prices are back to around $20 a barrel.

A British-trained engineer from Moslem northern Nigeria, Mr Lukman brought tact, impeccable manners and a shrewd committee man's political feel to Opec, blended with total authority.

A senior delegate said: "An Opec president needs to have a firm hand. But it is impossible to have a firm hand when all the 13 ministers are equal and you are one of them. Lukman somehow managed it. He has a very strong personality."

He teamed up with another resourceful Opec mediator, the aristocratic Mr Subroto of Indonesia, formerly his nation's oil minister and now secretary-general, the top permanent official.

Achievements under Mr Lukman included a series of quota accords that erased the oil glut despite rampant cheating and despite Iraq, Kuwait and the United Arab Emirates opting out at various times on the grounds that their quotas were unfair.

With all but the UAE now back in the system and demand for oil recovering, Opec sources said Mr Lukman's departure would not be the blow it might have been a year ago.

In the post-Yamani era and particularly since the end of the Gulf war, there has been a change in Opec away from the confrontational and politically-charged mood of its heyday. Several ministers now are petroleum engineers rather than politicians. "When a problem arises they are more likely to get out their calculators than make speeches," an aide said.

Oman projects deficit

OMAN has projected a 1990 budget deficit of 314m rials ($509m) and boosted expenditure outlays by 8 per cent, citing the recent improvement in the world oil market, AP-DJ reports from Manama.

Oman, which is not a member of the Organisation of Petroleum Exporting Countries (Opec), said it expects total government spending of 1.747bn rials this year, up from the 1.617bn rials allocated in the 1989 budget.

But the Deputy Prime Minister and spokesman on financial and economic affairs, Mr Abdul Moneim al-Zawawi, said government expenditure still had to be kept in check because of uncertainties about future oil price trends. "The oil market has witnessed a marked improvement in the second half of 1989, yet in view of the fluctuations of the past year it is difficult to forecast stability," Mr al-Zawawi said.

Oman nevertheless projected revenues of 1.433bn rials for 1990, up 19 per cent from 1.209bn rials estimated in the 1989 budget.

Turkey's stranglehold on the Euphrates irks its neighbours

Ankara's announcement that it will halt the river for a month has angered Syria and Iraq, reports Jim Bodgener

OMINOUS disquiet pervades Turkey's relations with Syria and Iraq, its southern neighbours downstream on the Euphrates. Never easy at the best of times, the atmosphere has been strained following Turkey's announcement on November 20 that the river would be staunched for a month from January 13 to fill the giant Ataturk dam.

Iraq and Syria still do not agree to the plugging of the river, despite Turkey's detailed presentation to a joint technical committee on the Euphrates at the end of November. Visits by the deputy foreign ministers of both neighbours have failed to solve the impasse.

Only Iraq has reacted publicly, calling for a shortening of the period to a fortnight on the grounds that Iraqi agriculture will be badly damaged. There has been no response from Damascus yet to a Turkish offer of electricity supplies to make up any shortfalls in generation by Syria's Tabaqah dam; nor to accompanying offers of co-operation in exploiting Syria's reportedly large natural gas reserves.

Syrian-Turkish relations had already been chafed by the shooting down of a Turkish survey aircraft inside Turkey's Hatay province by Syrian MiGs in October. Syria was quick to apologise and has agreed in principle to meet Turkey's demands of about $14.5m in compensation, according to Turkish officials.

The Turkish government has put Syria and Iraq under heavy pressure in recent months to curb infiltration from their territories of guerrillas of the Marxist, separatist Kurdish Workers Party (PKK) into south-eastern Turkey. Joint military talks in Iraq on border security followed a massacre by guerrillas on November 24 of 28 inhabitants of a remote village on the Iraqi border. Some in the Turkish press called for an Israeli-style raid on alleged PKK camps in the Syrian-controlled Bekaa valley.

Turkey's announcement brought instant suspicion that Ankara was using its control of the river as a lever on its neighbours to stop the PKK. This impression is not new - a commitment to release 500 cubic metres a second across the Turkish-Syrian border was agreed at the same time in 1987 as a border security understanding was reached in a protocol during a prime ministerial visit to Damascus.

Foreign ministry officials deny any linkage between the issues and after informing the Syrians of the decision to suspend the flow of the Euphrates, increased the flow of the river to 750 cubic metres a second to allow them to store the water in their own reservoirs. Because of a higher than usual winter rainfall, the flow has averaged around 780 cubic metres a second, rising at times above 1,000 cubic metres a second.

The Euphrates is only expected to dry up for a short stretch below the Ataturk dam; at the Syrian border, the flow will be about 120 cubic metres a second from tributaries downstream of the dam.

About four weeks are needed for the construction of a concrete plug in a diversion tunnel under Ataturk, and for the water level to rise by about 120 metres to gates built into the upstream wall of the dam.

Syrian and Iraqi apprehensions are all the more acute because of widespread drought throughout the region this year - Turkey had the driest summer for half a century. Syria is most at risk, since Iraq also has the Tigris. But even Iraq will need to store water behind its Qadissiya dam and will release water from the al-Habaniya reservoir 65km north of Baghdad to compensate Iraqi farmers for low river levels.

It may also divert water for the first time through the massive al-Thirthar canal between the Tigris and the Euphrates.

The 1987 commitment has been the strongest formal agreement reached on regional water management since World War II. Turkish officials stress that it relates only to water crossing the Syrian-Turkish border. What happens thereafter is between Damascus and Baghdad.

Iraq's main concern may be that Syria will store most of the remaining Euphrates flow in the Tabaqah dam, releasing only a trickle to Iraq.

Turkish officials are anxious to emphasise their country's goodwill in regional water management. The commitment made in 1987 actually dated back to 1976, when the Karakaya dam was impounded and the international banks funding the project put considerable pressure on Turkey to reach an agreement. When the agreement came up for renewal in 1987, Turkey was under no such obligation or pressure.

WORLD TRADE NEWS

Eight vie for HK airport contract

By John Elliott in Hong Kong

EIGHT international airport design groups, including five from the US, have been short-listed from over 50 applicants to compete for the lead consultancy contract on Hong Kong's planned HK$35bn ($4.48bn) airport, to be built in the mid-1990s.

The work involves planning the layout of the airport in partially reclaimed land at Chek Lap Kok off Lantau Island, plus all the project's civil engineering design.

An assessment of the controversial environmental impact of the project will be included.

The short list includes Bechtel of the US, working in association with the UK-based Halcrow Asia Partnership, and RMP Encon of the US, one of the front runners because it carried out an initial study into the project eight years ago.

Another leading competitor, Netherlands Airports Consultants, has specialist reclamation experience. The consultants also carried out a Hong Kong Government study last year on the proposed airport's main alternative site.

The other contestants are: Greiner, Tams Consultants, and Austin, all from the US; Aéroports de Paris, of France; and Japan Airport Consultants.

Among those who failed to reach the short list is British Airport Services.

The eight groups have been asked to submit detailed planning proposals for the two-runway airport, plus tenders for their fees, by the end of next month.

The 16-month contract is expected to be be placed a few weeks later, in order that work can start in June.

The main civil engineering and other contracts are not expected to be placed till 1991-92.

But tenders for a preliminary large contract will be invited later this year to establish a big works area off Lantau island, followed a few months later by tenders for substantial sea wall and reclamation contracts.

The airport forms part of a programme of infrastructure projects costing over HK$130bn which Hong Kong plans to carry out in the next 15 years.

Algerian telecom contract for Ericsson

ERICSSON, the leading Swedish telecommunications group, has won a SKr230m ($36m) contract to supply Axe equipment for local exchanges and operator-assisted services to the Algerian Ministry of Post and Telecommunications writes our World Trade staff. The project, financed by credits from the Agency for International Technical and Economic Co-operation, is part of the extension of the Algerian telecom network.

Taisho forges UK link

Taisho Marine and Fire Insurance and Sun Alliance and London Insurance have agreed to exchange professional skills and co-operate on product development through UK subsidiaries Reuter reports from Tokyo. The first objective is for Taisho Marine and Fire Insurance (UK) and Sun Alliance Insurance Overseas to assist each other in underwriting for Japanese customers in the UK.

Waterbomber study

Bombardier Inc's aerospace group is studying joint production of the Canadair turbine-powered waterbomber in Indonesia, writes Robert Gibbens in Montreal. Canadair would co-operate in assembly with the Indonesian state-owned aircraft company Industri Pesawat, if the East Asia market is large enough.

Seoul investment up

South Korean investment overseas shot up 134 per cent in the first 11 months of this year to $424.6m from $181.8m in the same 1988 period, Reuter reports from Seoul.

Finance Ministry officers said local wage rises, currency appreciation and protectionism abroad have prompted businessmen to invest more abroad. The number of projects rose to 220 from 147 a year earlier.

South-east Asia attracted the most projects this year at 106, but North America saw the highest investment in value terms at $211.4m. More than half the projects were in manufacturing.

Atlantic container rates to rise

By Robert Gibbens in Montreal

IMPORTERS and exporters will be paying more to move their goods across the Atlantic this year.

Atlantic west-bound conference container rates are going up 5-10 per cent on March 1. The basic rate for a 20-foot container moving to Canada from Europe will rise about C$65 (£36), and for a 40-ft container, $100.

Industry officials expect east-bound rates to rise by about the same amount, since demand is firmer east-bound than west-bound.

Far East rates, both out-bound and in-bound, are rising by an average 10 per cent, officials say.

From March 1, the in-bound rate for a 20-ft container will rise about $250 and for a 40-ft container about $350. Out-bound rates will rise on April 1 by about $160 for a 20-ft container and $200 for a 40-ft one. Dry cargo rates will rise about 10 per cent.

● Dominion Textile Inc, Canada's largest integrated textile group, is taking a further step towards internationalisation to meet the challenges of Canada-US free trade and Asian competition. It is selling its sheet and bedding business with annual volume of around C$150m to a new company jointly owned with C.S. Brooks Corp, of New York. It can own 50 per cent of the new company.

Earlier, it merged its towels division with C.S. Brooks Corp for a 50 per cent interest. The New York company recently acquired 49 per cent of Britain's Homecare Textiles, a sheet and towel producer, to expand its share of the North American and European markets.

Domtex said both deals increased its access to the big US market and the Canadian manufacturing plants will be retained. But union officials say the company will eventually move sheet and towel manufacturing to the US.

Taiwan bid to boost farm exports

By Peter Wickenden in Taipei

THE Taiwanese Government is to appoint officials to Belgium, the US and several other countries, in a bid to boost farm exports and raise competitiveness of its farm sector in preparation for entry to the General Agreement on Tariffs and Trade (Gatt).

Taiwan has come under pressure from the EC, the US, Australia and Canada to open further its market for farm products. It has made few major concessions, mainly to the US, but Taipei now faces little choice if its impending application to enter Gatt is to succeed.

When Taipei yielded to local cattle raisers' demands in September and banned Australian beef imports, Australia made clear that its support for Taiwan's Gatt application was in jeopardy. A second round of talks on the beef issue failed to reach any agreement.

While tariffs on the vast majority of industrial and consumer goods have been slashed to a level mostly in line with other industrial economies, the agricultural sector remains the most heavily protected. The Government has told major trade partners that it will never open the market completely, for strategic reasons, but is resigned to the inevitable negative impact of liberalisation on an industry far from efficient.

Agricultural and fisheries representatives are to be stationed in Taiwan's unofficial trade offices in Washington and Seattle, as well as in Holland, Belgium, Japan, Thailand, Argentina, Samoa and Fiji. They will start aggressive promotion drives and pursue co-operation projects.

Meanwhile, the US plans to ask for further tariff cuts on agricultural products at trade talks with Taiwan in mid-January. Taiwan ran a trade surplus with the US of more than $1bn (£625m) a month in 1989. Despite a series of government measures designed to reduce the imbalance, December's figures are likely to produce a trade surplus with the US nearly 20 per cent up on the $10.8bn recorded in the previous year.

Ecowas dismantles trade barriers

THE 16-member Economic Community of West African States (Ecowas) yesterday started dismantling barriers to trade within the world's poorest region, Reuter reports from Lagos.

"As from today, all non-tariff barriers to intra-Community trade are being removed completely over a four year period by each Ecowas member state," the organisation said in a statement issued from its Lagos headquarters yesterday.

In addition, tariffs on industrial goods will be gradually phased out at varying rates, Ecowas said.

Under the plan, unprocessed goods, products and handicrafts originating within the community are now exempt from tariffs.

Ecowas, which was created in 1975 to expand member economies by removing trade barriers and developing integrated industries, has been comparitively slow to realise its free trade dream. Less than 5 per cent of members' recorded trade is with each other, although smuggling is commonplace.

The take-off date for the long-planned project was formally decided by Ecowas member heads of state in June 1989.

The tariff-reduction plan applies to an initial 25 products, ranging from biscuits to plastic bags, at varying rates within the community.

The plan divides the community into three groups based on levels of industrialisation.

The most industrialised, the Ivory Coast, Ghana, Nigeria and Senegal, have four years to eliminate tariffs on priority goods and six years for non-priority goods.

Benin, Guinea, Liberia, Sierra Leone and Togo have six and eight years to end tariffs on the two sets of goods.

The least industrialised countries, Burkina Faso, Cape Verde, The Gambia, Guinea-Bissau, Mali, Mauritania and Niger, have eight and 10 years.

Gloss comes off Caribbean initiative

Efforts to widen the programme are in hand, writes **Canute James**

WHEN the US Government announced a preferential trade programme for several Caribbean countries just under six years ago, many governments in the region saw it as an opportunity to increase significantly their foreign earnings.

They are not so sure now. "Perhaps we expected too much," concluded Mr John Compton, Prime Minister of St Lucia. "In the light of cold statistics, shorn of all political rhetoric, we shall regretfully conclude that it has not lived up to its early promise."

Despite the benefits promised by the Caribbean Basin Initiative (CBI), as the programme is called, the region's exports to the US have stagnated, frustrating Mr Compton and his colleagues. Exports to the US from the countries listed as CBI beneficiaries fell from $8.73bn (£5.5bn) in 1983, the year before the CBI was implemented, to $6.18bn in 1988. The balance of trade now favours the US.

Consequently, Caribbean governments are watching, with more than passing concern, the progress of efforts in Washington to widen and extend the trade programme. But questions raised by some US legislators about the programme have led Caribbean officials to conclude that the effort could fall victim to what they described as "a persistent and strong tendency towards protectionism".

The CBI was introduced in January 1984, and was intended to run for 12 years. It allows 22 countries designated by Washington to ship a range of products, duty free, to the US, but denied preferential treatment to some key Caribbean exports such as petroleum products, garments, textiles and leather goods.

US trade officials argue that this decline in the value of Caribbean exports to the US over the past five years was due mainly to changes which overtook two products – lower oil prices and cuts by the US in its imports of Caribbean sugar. They say the CBI has been successful in increasing the value of non-traditional Caribbean exports to the US.

"The CBI has had remarkable success in this major goal," said Mr Peter Whitney, director of the office of regional economic policy of the Bureau of Inter-American Affairs in the US State Department. "In the 12 months ending June 1989, non-traditional exports from the beneficiary countries totalled $3.4bn. This represents growth of 90 per cent since 1983, the year before the CBI went into effect."

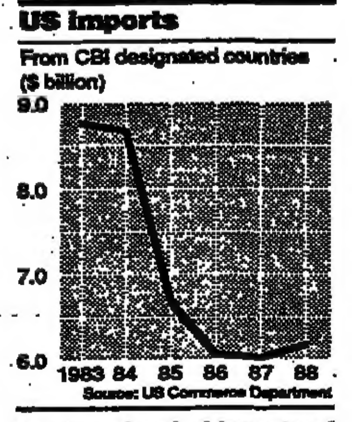
Among the changes to the programme being debated in Washington following proposals from two legislators is a doubling of the life of the CBI, and an extension of the list of Caribbean exports which will be granted preferential treatment.

According to Mr Erskine Sandiford, Prime Minister of Barbados, the bill now before Congress could provide opportunities for Caribbean countries to increase investments and expand their economies. The original CBI had some "limited success", the prime minister said, but has not been enough to meet the expectations which it created.

In 1983, his island's exports to the US were valued at $174m, he added. This had fallen to $42.7m by 1988, mainly

US imports

From CBI designated countries ($ billion)



Source: US Commerce Department

due to reduced shipments of sugar as the US cut import quotas.

Mr Compton agreed that if the bill passes through the US Congress in its present form, or with only minor alterations, it could be beneficial to the Caribbean countries.

But the region's business leaders say more has to be done to fight off the attempts by some legislators and US business to dilute some of the proposals for improving the trade programme.

"The interest must come from our producers in the region because we are the ones who will benefit," said Mr Delroy Lindsay, executive director of the Private Sector Organisation of Jamaica. "I am quite optimistic that the bill will come through, but I think that we, at both the political and private-sector levels, will have to redouble our efforts to ensure that the benefits of the bill are not eroded.

"We cannot allow the various sectoral interests in the US to bring unfair pressure to bear against a policy designed to help develop the region. We have to lobby very effectively in Washington – that is where we have to focus our attention now."

The proposed changes which Caribbean governments and businessmen say will benefit the region include duty-free treatment for textiles and garments for which there is a guaranteed market under a separate programme.

They want preferential treatment for exports of leather products, including footwear, and guaranteed minimum levels of sugar exports to the US. The region's sugar industry has claimed it has been unable to make any rational plans for production because of the cuts in US import quotas to the region.

The beneficiary countries also want to see a change which would bind the US Government to a minimum 12-year notice period for the cancellation of the CBI.

In a recent statement sent to Washington supporting the proposed changes to the CBI, several Caribbean governments said the improvements would "make a valuable contribution to increasing the capacity of the CBI beneficiary countries to respond to the problems, challenges, and, indeed, opportunities of the future".

The statement said the Caribbean recognised that the US Administration may not be able to support some of the proposed changes, but that the countries in the region "...invite the (US) Administration to reflect on the continued importance of such traditional commodities as sugar to the social and economic well-being of our countries".

UK NEWS

Business leaders angry over big increase in rates

By Richard Evans

BUSINESSES in England and Wales reacted with widespread hostility yesterday to the scale of the rise in rates (local property taxes) that many will have to pay over the next five years, foreshadowing a political headache for the Government.

Some businesses will have to pay eight times the existing level as they discovered yesterday when draft valuation lists were put on display at local council offices for the first time.

Hardest hit by the new uniform business rate, due to be introduced in April, will be retailers in south-east England – particularly London's West End. Harrods, the Knightsbridge department store, will have its rateable value increased from £853,472 to £24m. The rates payable at 34.8p in the pound will go up from £1m to more than £8.3m.

Mr David Simons, finance director of House of Fraser which owns Harrods, said: "The increases being proposed are monstrous. We shall be appealing against them, with every hope of success."

There will be a five-year transition period to cushion the impact of the new system, which will limit increases to 20 per cent a year in real terms. The transition period will also mean that beneficiaries will have their rate reductions staggered.

Many Tory backbenchers will be campaigning for the period to be extended to 10 years. Among the worst affected are small businessmen who traditionally support the Conservative party.

The increases come because there has been no revaluation of commercial property for 17 years. Valuations have increased by an average of eight times across the country, but by much more in the prosperous shopping districts of south-east England.

In Milton Keynes, a successful new shopping centre, the valuation of one shop has risen from £1,638 to £25,000, a 15-fold increase which will mean a doubling of the rate bill from £4,500 to £9,000 a year.

The reaction yesterday to an initial study of some of the 1.6m commercial properties covered by the revaluation was one of widespread, but not universal, hostility. Businesses in north-west England, for example, generally welcomed the changes.

The main beneficiaries of the rate changes, which will bring in the same amount of cash as the current non-domestic rate after taking inflation into account, will broadly be industries in the Midlands and North.

Mr John Banham, director general of the employers' federation, the Confederation of British Industry, was highly critical. "More than 500,000 businesses will see their rate bills rise by 20 per cent a year in real terms for at least the next two years. The overall result could well be a one-point increase in the retail price index at just the wrong time."

Mr John Harris of the National Federation of Self Employed said it was clear that a lot of small businesses were going to suffer. "The Treasury found nearly £1bn of new money to protect community charge payers. Doesn't the corner shop warrant similar concern?" he asked.

Lex, Page 12

FINANCIAL TIMES SURVEY OF SURVEYS

Robust economic recovery is expected next year

By Patrick Harverson, Economics Staff

BRITAIN will avoid a recession this year, while 1991 should see a robust recovery in economic activity, a Financial Times survey says today.

Since the last publication of the survey's findings in August, the country's leading forecasting organisations have become gloomier about prospects for overall economic growth, investment and manufacturing output, but they are more optimistic about exports and the longer-term outlook.

It is the growth in export volumes, aided by a weak pound and strong world trade, that is expected to stave off a recession this year, according to the survey of 22 independent forecasting groups, plus the Treasury. The average independent estimate for export growth this year and in 1991 is 7.5 per cent and 5.2 per cent respectively.

In contrast, near stagnant consumer spending will lead to a drop in imports growth, with volume expected to advance by only 1.4 per cent in 1990 and 3.6 per cent in 1991.

The key to the improvement in exports will be the ability of UK companies to divert production from ailing domestic markets to meet more buoyant demand overseas.

Last week's trade figures for November, which showed that export volumes grew at more than twice the rate of import volumes between September and November, suggested that manufacturers have already begun to redirect their capacity to foreign markets.

The improving balance of trade will lead to a reduction in the current account deficit in the next two years. The deficit is, on average, forecast to fall from an estimated £21bn in 1989 to £14.9bn this year and £12.5bn in 1991.

The performance of Britain's exporters, however, will not prevent the economy from slowing to modest levels of growth this year.

The average estimate is for 1.4 per cent growth in gross domestic output.

A recovery in consumer spending, investment and manufacturing output will see a return to more robust growth of 2.4 per cent in 1991.

Lower rates of economic growth will not lead to a significant rise in unemployment, which is forecast to rise from its current level of 1.65m to 1.7m in 1990 and 1991.

Interest rates are forecast to ease from 15 per cent to 13 per cent by the end of this year, dropping further in 1991 to below 11 per cent.

Lower interest rates will contribute to lower inflation this year. The average estimate is for the Retail Prices Index to stand at 5.5 per cent by the end of 1990, down from the current rate of 7.7 per cent. The RPI is forecast to fall further in 1991, ending the year at 4.8 per cent.

The high cost of borrowing, and its effect on profitability, will force companies to reduce their investment plans.

The forecasters expect virtually zero growth in investment this year, followed by a modest recovery in 1991.

The FT average is a simple unweighted average that takes no account of different methods used to measure economic variables, and the different assumptions underlying the economic models used by the forecasting groups.

FORECASTS FOR THE UK ECONOMY

(Unemployment, average over period. Balance of payments and PSBR in £bn; PSBR for financial years 1989-90 and 1990-91. Interest rates fourth quarter. Retail price inflation; year to fourth quarter. Others are percentage change over 12 months. Dash indicates information not available)

		Gross Domestic Product		Consumer spending		Manufacturing output		Fixed investment		Retail price inflation		Unemployment Millions		Balance of payments current account		Public Sector Borrowing Requirement		Interest rates (3 month interbank)		Exports volume		Imports volume	
	Date	1990	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990-91	1991-92	1990	1991	1990	1991	1990	1991
Treasury	Nov	1.25	–	1.25	–	1.5	–	1.75	–	5.75	–	–	-15	–	-10	–	–	–	6.25	–	1.25	–	
Conf of British Industry	Nov	1.4	1.8	0.9	1.5	1.3	2.3	0.0	0.5	5.3	4.7	1.7	1.8	-13.6	-13.3	-13.3	-11.5	12.0	10.0	5.8	3.3	1.1	1.9
DRI Europe	Nov	1.4	2.1	1.0	1.0	0.4	4.1	-2.9	3.4	6.0	3.6	1.9	1.9	-15.7	-11.7	-8.9	-2.1	12.9	10.3	6.1	4.4	-2.2	2.6
European Commission	Oct	2.1	–	2.1	–	3.7	–	1.7	–	5.5	–	1.8	–	-17.9	–	-13.1	–	12.0	–	7.1	–	2.0	–
Henley Centre	Dec	1.0	2.0	1.3	2.7	1.3	1.8	-0.2	0.9	5.3	4.9	1.8	1.9	-16.9	-18.9	-12.0	-10.0	13.0	12.8	4.7	3.6	1.6	3.9
Ernst & Young ITEM Club	Dec	1.7	2.1	1.4	2.4	0.7	2.7	0.4	0.1	5.4	4.5	1.7	1.9	-13.2	-11.9	-15.5	-14.8	13.4	10.7	7.9	4.2	1.6	3.6
Liverpool University	Dec	1.6	2.9	1.2	0.8	–	–	–	–	5.5	4.9	1.7	1.5	-14.1	-7.8	-11.7	-11.5	13.7	11.8	–	–	–	–
London Business School	Oct	1.9	1.9	1.6	1.5	1.4	1.4	2.5	3.4	5.8	6.5	1.7	1.6	-14.8	-14.9	-17.0	-17.3	13.5	10.8	6.7	2.3	0.5	2.7
National Institute	Nov	1.6	2.6	1.2	1.4	-1.5	1.8	1.0	3.5	5.2	6.0	1.7	1.7	-17.9	-17.7	-15.3	-14.5	12.7	12.0	8.9	5.2	0.3	4.5
OECD	Dec	1.3	1.9	1.4	1.8	–	–	2.0	2.1	6.5	5.2	–	–	-18.0	-13.0	–	–	–	–	6.0	6.3	3.6	4.2
Oxford Econ Forecasting	Dec	1.5	1.5	1.0	1.2	2.0	0.8	2.2	1.2	5.8	3.5	1.6	1.7	-14.9	-12.2	-12.3	-13.1	14.0	11.0	7.5	5.4	3.9	3.1
Barclays de Zoete Wedd	Dec	1.0	2.5	1.0	2.5	0.0	3.0	-2.0	1.0	4.2	4.5	–	–	-11.0	-7.0	-6.0	-2.0	11.5	10.5	8.0	5.5	0.0	3.0
Cred Suisse First Boston	Dec	1.3	2.8	1.6	1.7	1.5	3.0	1.3	3.5	6.5	6.5	1.7	1.8	-16.0	-15.0	-12.0	-9.0	13.0	11.0	9.5	5.5	1.6	3.7
Goldman Sachs	Dec	0.8	2.1	0.9	1.9	1.1	2.2	1.2	-2.4	6.5	4.9	1.7	1.7	-14.2	-14.7	-13.3	-14.0	12.5	10.0	8.2	5.9	2.3	3.6
Greenwell Montagu	Dec	1.9	3.5	1.2	3.0	2.0	4.3	2.2	2.0	6.0	3.5	1.7	1.8	-14.0	-13.0	-14.0	-8.0	13.0	10.0	7.5	6.0	0.0	4.0
Hoare Govett	Dec	1.7	–	2.5	–	2.2	–	-1.2	–	2.2	–	–	–	-13.5	–	-10.0	–	15.0	–	7.2	–	4.2	–
James Capel	Dec	0.9	2.4	1.1	2.0	1.4	2.8	-1.9	2.8	6.2	5.2	1.9	2.1	-15.4	-12.4	-8.5	-6.6	13.5	11.0	8.7	7.3	3.9	4.5
Lloyds Bank	Dec	1.6	2.8	0.9	2.8	1.3	2.7	2.1	-0.4	5.6	4.7	1.7	1.8	-13.6	-11.8	-12.0	-11.0	12.3	10.5	9.0	6.8	2.2	2.6
Morgan Grenfell	Dec	0.5	2.8	-0.9	2.4	1.6	2.4	-1.0	2.9	5.4	4.9	1.5	1.5	-15.9	-13.2	-8.8	-11.1	14.1	13.1	7.4	6.0	-0.5	4.7
National Westminster	Dec	0.9	3.3	1.3	2.8	2.2	3.7	-1.0	2.0	6.3	5.1	1.8	1.9	-14.0	-10.5	-9.0	-2.0	12.0	10.0	6.3	5.5	1.5	3.5
Phillips & Drew	Dec	1.0	1.8	0.9	1.6	0.7	2.4	-4.6	-0.4	6.0	3.4	1.8	2.1	-12.2	-8.6	-7.8	0.4	12.8	10.0	7.5	6.1	-1.8	2.29
Shearson Lehman Hutton	Dec	2.5	3.2	1.5	3.1	1.75	3.0	1.5	2.9	6.5	5.25	1.7	1.7	-14.1	-11.5	-9.5	-7.2	14.0	11.0	9.9	9.5	2.4	3.0
Warburg Securities	Dec	2.2	2.4	1.6	2.4	1.7	2.5	1.0	1.6	6.2	4.5	1.6	1.8	-15.7	-11.0	-9.0	-7.0	13.0	10.0	7.2	4.6	1.7	3.5
FT average		1.4	2.4	1.2	2.0	1.3	2.5	0.2	1.5	5.5	4.8	1.7	1.7	-14.9	-12.5	-11.0	-8.8	13.0	10.9	7.5	5.2	1.4	3.5
Average of City forecasts		1.4	2.7	1.1	2.4	1.5	2.9	-0.2	1.4	5.4	4.8	1.7	1.8	-14.1	-11.7	-9.3	-7.0	13.1	10.6	8.0	5.8	1.5	3.5

NOTES: Treasury: 1990 forecasts based on first half, with RPI is for second quarter. GDP: Treasury, compromise measure. DRI, Liverpool, LBS, National Institute use output measure. Others use average measure. Consumer spending: Liverpool, non-durable consumption. Retail price inflation: Liverpool, av for year; OECD, average consumer prices. EC consumer price deflator, av for year. Interest Rates: Liverpool, Treasury bill average for year. CBI, DRI, LBS, Hoare Govett use base rates. National Institute, Treasury bill. EC, short term, end of year.

Consumers come of age with a new decade

By Alice Rawsthorn

GREYPOWER, glasnost and the "green" movement will be the main influences on consumer spending in the Britain of the 1990s as the archetypal consumer becomes older, more cosmopolitan, increasingly concerned about the environment and rather less extravagant.

This picture of a more mature, conscientious consumer is painted in a new report by Projection 2000, a market research consultancy, which analyses expenditure trends throughout the 1990s until the year 2000.

The recent rise of interest in environmental issues – which has already crammed supermarket shelves with phosphate-free soap powder and biodegradable washing-up liquid – is not a short-term fad, according to the report, but a long-term phenomenon which will influence expenditure throughout the decade.

Given that the new generation of "green" consumers is prepared to pay top prices for ecologically-sound products, there should be lots of opportunities for new products, especially in sectors such as motoring, household goods and food.

The emphasis on the environment should also fuel the trend away from conspicuous consumption which characterised the "designer decade" of the 1980s. This trend will, however, be influenced by economic changes.

The recent rise in interest rates has already depressed consumer spending and has brought the consumer credit boom to an abrupt halt. The report predicts that credit control will become an increasingly important issue. Some consumers could spend the early 1990s paying off the credit card debts they accumulated in the 1980s.

Projection 2000 expects the slowdown in consumer spending to continue until 1992. There should then be a revival, at least until 1996.

This revival will coincide with the introduction of the unified European market in 1992. The unified market – combined with likely closer links with Eastern Europe – should increase the influx of foreign goods into Britain and encourage the trend for the British to become more cosmopolitan in taste.

Meanwhile, the composition of consumer markets will change dramatically in the 1990s with fewer young consumers, but more elderly people. There will be almost 1m more Britons in the 49 to 57 age group by the year 2000, which should ensure that "grey power" is an increasingly important influence over consumer markets.

Consumer 2000 is published by Projection 2000 at 16 Evering Road, London N16 7QJ for £95.

Eurotunnel near £1bn loan deal

By Kevin Brown, Transport Correspondent

A £1bn refinancing package for Eurotunnel, the Anglo-French Channel Tunnel consortium, is likely to be signed next week, despite continuing disagreement on the cost of the project.

Final details will be drawn up on Tuesday by the consortium of 200 banks which has already agreed to provide Eurotunnel with £5bn of loan capital. The package will probably be signed on Friday.

The agreement will end doubts over the future of Eurotunnel which began when the group announced that the cost of the project would be £7.2bn, compared to the original estimate of £5bn.

It will probably be followed by a rights issue in the spring to raise about £350m of new equity from shareholders, who have already put up £1bn.

Negotiations with the banks were complicated by a disagreement between Eurotunnel and Transmanche-Link (TML), the Anglo-French construction consortium, which put the cost at £7.5bn.

The banks now appear ready to accept a report from two independent firms of consulting engineers which supported Eurotunnel's cost projections.

However, there may be changes to the specifications of the tunnel or the terminals at Folkestone and Coquelle, near Calais, to reduce the potential impact on TML's profits.

The banks are unlikely to seek the removal of Mr Alastair Morton, the British co-chairman of Eurotunnel, whose abrasive style has won some support from bankers.

But there is still a possibility that some senior managers will be asked to leave as part of a process of tightening Eurotunnel's cost control mechanisms.

The probable agreement with the banks follows news that the Inter-Governmental Commission, which is responsible for safety in the tunnel, has allowed passengers to be carried on shuttle trains with their vehicles, enabling Eurotunnel to go-ahead with a £600m order for shuttle trains.

Eurotunnel's shares closed up 28p yesterday at 633p.

Tories try to heal rift on Europe

By Philip Stephens, Political Editor

MR Kenneth Baker, the Conservative party chairman, yesterday signalled a determined effort by the Government to heal the rift with its representatives in the European Parliament which opened up after its defeat in last June's European elections.

Speaking on BBC radio, Mr Baker said that a planned meeting later this month between the 32 Conservative MEPs and the Prime Minister was part of a strategy to promote a much closer working relationship.

The prospect of a more harmonious relationship was dented, however, when Mr Peter Price, the MEP for London South East, said that Mrs Thatcher had continued to display a "negative" approach at last month's European Community summit.

Mr Baker said the gap between the Government's policy towards Europe and that espoused by most of its MEPs could be bridged.

Many MEPs have publicly criticised what they see as the "negative" attitude towards further European integration adopted by Mrs Margaret Thatcher and blame the party's heavy losses in the Strasbourg elections on that style.

They have also been more enthusiastic than the Prime Minister about monetary integration, with most favouring a single European currency.

Mr Baker said the Government would seek to explain to the MEPs its support for the creation of the single market and its commitment to full British membership of the European Monetary System.

He added that there was no support within the Conservative party or within the country for the creation of a Federal Europe.

Speaking on the same programme, Mr Price said the majority of his colleagues favoured moves towards a single currency and the establishment of a European system of central banks.

'Downturn' predicted in construction

By Kevin Brown

THE construction industry will suffer a downturn in trading activity this year after nine years of steady growth, Mr Peter Rainbird, chairman of the Building Employers Confederation, said yesterday.

Mr Rainbird said in a new year message that the private house building sector was already moving towards a recession because of "the harsh high interest rate regime" which began last year.

He urged the Government to stimulate the house building market by reducing interest rates, easing the burden of stamp duty on house sales, and increasing the ceiling for tax relief on mortgage interest from £30,000 to £50,000.

However, Mr Rainbird said output in 1990 was likely to be higher than in any year up to 1988 because reduced private spending would be offset by increased public spending on hospitals, schools, the inner cities and the homeless.

"It is also worth recalling that, as we entered the 1980s, construction was in a far worse shape than it is now, and it was operating on a much weaker national economic base," he said.

"Despite current economic difficulties, we enter the 1990s as a stronger, more productive and more efficient industry, and I am confident that we can look forward to further sustained growth in the years ahead."

Accountants predict decline in buy-outs

By Charles Batchelor

MANAGEMENT buy-out activity may start to decline this year after six years of unbroken growth to a peak of £6.4bn in 1989, according to accountants Peat Marwick McLintock.

A decline in the profit expectations of many companies and the high level of interest rates have combined to reduce buy-out activity in recent months, said Mr Chris Beresford, head of buy-outs at Peats.

In addition, the high average price/earnings level of Stock Exchange quoted companies has meant that businesses which are potential buy-out candidates have become too expensive for management teams and financial backers.

In 1989 buy-outs increased in both numbers and value. Sixty seven large buy-outs (valued at more than £10m each) worth £5.78bn were completed last year compared with 54 buy-outs worth £4.44bn in 1988. In addition, Peats estimates small buyouts valued at less than £10m each were completed to a value of £600m compared with £560m the year before. The total level of buy-out activity rose to £6.38bn from £5bn.

For each of the past three years buy-outs have provided about one-eighth of all merger and acquisition activity in the UK, Peats said.

The underlying trend is nevertheless downward with the value of deals completed in the fourth quarter of 1989 lower – at £740m – than any quarter since the beginning of 1988, immediately after the Stock Market crash of October 1987.

● Companies in the UK operating self-administered company pension schemes can look forward to continuing large surpluses from those schemes as a result of investment buoyancy, writes Eric Short.

First estimates from the WM Company, one of the world's largest investment performance measurement companies, show that self-administered pension schemes in the UK achieved an investment return in 1989 of around 29 per cent – the highest return for the decade, shading the 28.8 per cent achieved in 1982.

If property investment is excluded from the calculations, then the estimated average return by pension schemes rises to almost 31 per cent – exceeded only by the 33.9 per cent achieved in 1982.

Such returns will be well in excess of the estimated rise in the Retail Price Index for 1989 of around 7.5 per cent and the increase in National Average Earnings of around 9 per cent.

UK pension schemes on average will achieve a real return on their investments over salary increases of 20 per cent.

Equities, both UK and overseas, were the best performers in 1989, with 34.4 per cent from UK equities and 35 per cent from overseas. This showed that equity markets had fully recovered from the crash of October 1987.

BAe rules out compromise on shorter working week

Mike Smith examines the tough stance of the aerospace group over union calls for a cut in man-hours

Mr Maurice Dixson is not in the mood for compromise.

The managing director of the commercial aircraft arm of British Aerospace is adamant that his company is not prepared to negotiate on a shorter working week unless employees call off their strikes.

His hard-line stance has met with an equally tough response from unions saying there can be no return to work without a shorter hours agreement.

Many people believe that a 37-hour week throughout the engineering industry is now inevitable. "It will not happen all of a sudden," says one company chairman. "But it will become a reality within a year or two." Like increasing numbers of company heads, he has quietly started negotiations with union leaders.

But if a shorter week is to become the norm, why is BAe holding out? Mr Dixson says it is simply that the company does not consider negotiating under duress (while strikes continue) to be conducive to its long-term competitiveness.

The problem is that the nine-week-old strikes at two BAe plants and six-week stoppage at another is costing both sides dear; BAe in lost production and the unions in strike levy money they badly need to spread the hours campaign to other companies.

How long is the BAe stalemate likely to continue? And how harmful is it for the engineering unions' campaign?

The unions have so far done better than expected. After rejecting an offer of a 37½-hour week for manual workers from the Engineering Employers' Federation last April, they adopted a risky strategy by deciding to campaign for a series of selective strikes.

There were doubts about whether they could achieve majorities in strike ballots, and about their ability to achieve anything more than the 1½-hour reduction they had already been offered.

In the event, white collar workers, who had subsequently joined forces with their manual colleagues in the hours campaign, voted against striking at the seven plants selected for stoppages.

The blue collar employees, however, were largely in favour. More important, indefinite strike campaigns – or at least the threat of these – have helped to secure 37-hour week deals at Rolls-Royce plants in Glasgow and Tyneside, and at a Smiths Industries factory, in Cheltenham.

Mr Maurice Dixson of British Aerospace (left), which has a relatively captive customers in Britain for defence equipment and Airbus, does not consider negotiating under duress to be conducive to the company' competitiveness

The campaign's successes have to be put in context. Only three large engineering companies have offered 37-hour weeks – the other is GKN but that offer is part of a complex package which employees in Telford have rejected – and workers in only four plants are affected directly. Among smaller companies, perhaps another half dozen have agreed hours cut deals.

The unions still have to tackle thousands of other plants and employers. The EEF, which represents about half of engineering employers, has about 5,000 employer affiliates and most have more than one plant. The CSEU could not afford to launch strikes everywhere, nor could it obtain ballot majorities everywhere.

Before long all employees at both Smiths and Rolls-Royce are likely to be covered by 37-hour week agreements. Mr Hugh Pope, chairman of the Smiths aerospace division, says: "You cannot negotiate a 37-hour deal at one plant without recognising you will have to do it elsewhere." At Rolls-Royce, Mr Jim Keir, director for supply, says he expects that by the end of 1991 all of the company's manual employees will be working 37-hour weeks.

Other engineering companies will be encouraged by the concessions which Smiths and Rolls-Royce have won from their workforces in their respective deals. At Rolls-Royce's Hillington, Glasgow, plant, for example, the deal allows more job flexibility, more inspection of their own work by employees, more team working and for a reduction of 15 minutes a day in tea breaks.

Skills shortages provide another spur for other companies to agree hours cuts. The decline in school leavers in the 1990s will inevitably lead to a tighter labour supply. Companies which do not agree to a shorter working week will be at a disadvantage in recruiting.

Analysts say BAe has also been in a better position than Rolls-Royce and Smiths to adopt a hard line. The strikes have affected it less than the other two because lead times on its products are longer – making it easier to catch up on production delays – and it has relatively captive customers in the British Government (for defence equipment) and Airbus, both of which have been understanding of the company's problems.

But the longer the strikes go on the harder the company is hit. Airbus has been able to largely maintain its production but its stock of wings, supplied by BAe, is dwindling.

The continuation of the strikes is equally uncomfortable for the unions. BAe says about 10 per cent of manual employees in Preston returned to work in the week before Christmas, marking the first time blue collar workers had crossed picket lines in two decades. It hopes others will follow, when the full impact of the union's recent decision to halve strike pay to £60 a week hits home.

Even in the unlikely event of a full drift back, however, the company has already said it is willing to negotiate on a 37-hour week. Provided it can get productivity concessions, it is prepared to make deals at the three plants hit by strikes and elsewhere.

IN BRIEF

Last quarter sees record fall in UK house prices

The last quarter of 1989 saw the largest ever quarterly fall in UK house prices, according to the Nationwide Anglia building society and will continue into the early part of this year.

The society's index fell 2 per cent in the last three months. The sharpest falls were recorded in the south where declines of over 5 per cent were registered in that period – and over 6 per cent in the south-west.

IRA kills driver

A taxi driver taking his teenage daughter to school yesterday became Ulster's first victim of terrorism in 1990 – killed by an IRA bomb under his car.

Mr Harry Dickey, 38, died when an explosion ripped through his car near his home in east Belfast. His daughter survived. The IRA claimed its victim was a member of the Ulster Defence Association, the Protestant paramilitary organisations, and of the outlawed killer group the Ulster Freedom Fighters.

Coolers stay put

The Chesterfield wine coolers, two large silver tureens, made in London in the 1720s by the two leading goldsmiths of the day, Paul de Lamerie and Paul Crespin, are to stay in the United Kingdom after a £750,000 appeal, launched jointly by the Victoria & Albert Museum and the National Museums of Scotland, was successful yesterday when the fine art auctioneers Christie's contributed the £68,000 needed to reach the target sum.

Vauxhall price rise

Vauxhall, the UK subsidiary of General Motors, the US motor manufacturer, increased prices of Vauxhall cars and Bedford vans rose by 4.3 per cent and 4 per cent respectively from midnight last night, taking a Cavalier saloon 1.6L from £9,610 to £9,999.

Guernsey bank

Adam & Company, the small Edinburgh-based private bank, has set up an offshoot in Guernsey, to be named Adam & Company International, offering private banking, investment, trustee and company secretarial services.

Centrist tax policy

The centrist Liberal Democrats yesterday published a blueprint for a radical restructuring of the tax and benefits system with the eventual aim of replacing tax allowances with a minimum basic income for all adults.

Underground graffiti

London Underground, the mass transit system, is to spend £10m on improved security at stations and train in a bid to combat graffiti.

JOBS

The problem chiefs now most need to solve

By Michael Dixon

Every question man can raise,
Every phrase of every phase
Of that question is on record in the files.

KIPLING'S words seemed heaven-sent when they came *to mind as the Jobs column* was wondering how on earth to begin the new decade.

They reminded me that I had faced the same problem before. So I plunged into the archives to check how I'd tackled it not just 10 years ago when the column was much as it is now, but at the start of the 1970s when it was appearing in embryo form.

It turned out that in neither case was the new decade mentioned at all – which, given the weight of reference to same elsewhere in the media, might have struck readers as a welcome relief. But any of you who are looking for similar mercy today will be disappointed, and for two main reasons.

The first is that this is my last chance to herald such an occasion. While I hope the column is still appearing in the year 2000, it will have a different writer. The present one will have been put out to grass well before.

The second reason is that the 1990s are expected to be no ordinary decade. For in the numerous countries affected by scarcity of youth, the process of employment seems set to turn from a recruiters' to a job-seekers' *market. What is more*, the implications of that change seem to be recognised not only by personnel specialists but even by a good many chief executives who, despite their frequent declarations that people are their most important asset, have rarely put their active interest where their mouths are.

Evidence of their new awakening comes, for instance, in a survey by the London-based Management Consultancies Association of heads of 100 organisations in the United Kingdom.

The prime question put to the chiefs was which issues did they expect to be most important during the 10 years ahead. The one that received the largest number of mentions – 42 – was the availability of capable staff. Second came 1992 with 31, followed by customer-care and staying competitive with 25 apiece.

When the chiefs were asked how they proposed to ensure they had a sufficient workforce, most saw the main hope as training and retraining. The 56 naming that option compared with the 41 who, with some overlaps, put trust in offering better material rewards with emphasis on pay for results. Believe it or not, the next biggest vote – 27 – was for recruiting older people.

Even so a mere four were looking to obtain necessary talent by more enlightened selection methods, which hardly supports optimism about company leaders' appreciation of where their main staffing problems lie. And the outlook is perhaps darkened further by the fact that only seven of the chiefs named industrial relations as an important 1990s concern.

My guess is different. It is that unless organisations swiftly broaden the scope and improve the relevance of their recruiting procedures, the tightening of the jobs market will bring trades unions back to the fray.

Either way, however, the question of which view is right should at least give my successor a handy opening topic when the start of the next decade comes round.

Pay prospects

THE SAME applies to a question arising from the accompanying table which, as in previous years, is drawn from PA Consulting Group's annual survey of UK organisations' graduate-recruitment plans. Anyone wanting full information on the findings should contact Jenny Ward at Hyde Park House, 60a Knightsbridge, London SW1X 7LE; telephone 01-235 6060, fax 01-235 0434.

My data is limited to the issue of pay. The figures, all averages, are broken down by the sector of the 130 employers surveyed. The table starts with forecasts of starting salaries to be paid to graduates recruited in the coming months. Next come salaries actually paid to those taken on last year, which broke into five figures for the first time.

Then we turn to degree-winners recruited in earlier years. The rest of the table shows the previous recruits' total cash pay – salary plus bonuses – first after one year's service, second after three, and lastly after five. A distinction is made between merely adequate workers, and high-fliers turning in an above-average performance.

To my mind, the prime question raised by the table is whether the UK can afford to have its engineering sector languishing at the foot of the pay-prospects league. For there have been repeated warnings that fewer and fewer British youngsters are willing to study engineering.

Indeed, next Tuesday it will be 10 years since the Government was alerted to looming scarcity of engineers by the Finniston report. I only hope my successor in 2000 will not have to report a further decade of neglect.

Sector of employment	Average start pay: forecast for 1990 £	Average start pay: actual in 1989 £	After 1 year: adequate £	After 1 year: high-flying £	After 3 years: adequate £	After 3 years: high-flying £	After 5 years: adequate £	After 5 years: high-flying £
			Pay progress of adequate and high-flying staff:					
Banks	11,917	11,082	13,706	14,467	18,920	23,624	22,340	32,335
Food, drink and tobacco	11,722	10,723	12,667	12,944	16,017	18,100	18,725	24,479
Paper, printing, publishing	11,350	10,413	12,063	12,438	16,592	18,316	19,408	22,547
Distribution and retail	10,417	9,730	10,810	11,150	14,687	16,688	18,206	21,817
Manufacture except eng'g	11,607	10,714	11,900	12,640	14,866	16,818	16,921	20,825
Public services	9,595	8,098	10,427	10,571	13,785	14,576	18,587	20,761
Insurance	11,253	10,231	12,177	12,849	15,182	16,795	17,645	20,683
Oil and gas	11,400	10,889	11,921	12,872	14,986	17,378	17,136	20,650
Computers and electronics	11,802	11,094	12,623	13,269	15,504	16,721	17,469	19,444
Building societies	10,321	9,690	10,420	12,170	12,877	16,222	17,005	18,703
Chemicals and allied	11,698	10,853	11,920	12,353	14,120	15,341	16,085	17,655
Energy supply (incl water)	11,237	10,326	11,322	11,412	12,901	14,182	14,383	16,235
Mining & minerals	10,676	9,672	11,278	12,262	13,571	14,293	15,087	16,222
Engineering (incl motor)	10,905	10,010	11,012	11,436	12,840	14,030	13,727	15,474
Overall	**11,257**	**10,442**	**11,923**	**12,533**	**14,891**	**16,574**	**17,311**	**20,332**

Foreign investment

A hedge against volatility

A small group of Brazilian companies sees links overseas as a necessary step to improve their management and technological know-how. John Barham reports

As foreign investors turn their backs on Brazil, a small but influential group of local companies is beginning to invest overseas. The investments are very modest, but they are an encouraging indication that Brazil's traditionally sheltered and isolated businessmen are venturing further into the harsh international environment.

Silvio Bresser Pereira, a senior executive, says: "It is fundamental to change this mentality of isolation and learn how to deal with the outside world. Brazil is fantastically isolated." Many companies are realising that investments in advanced markets, notably the United States and the European Community, are safer, more productive and of greater strategic value than in Brazil.

There is a growing recognition that companies must keep abreast of international trends to improve performance in the domestic market. Andre Ranschburg, a Hungarian emigré who runs Staroup SA, a leading apparel company, says: "To continue growing and to prepare for the 21st century, we must think globally and we understand this as an international hedge against a volatile market and the limited access to advanced technology."

Brazil's wealth of natural resources and regiments of cheap unskilled labour are becoming increasingly irrelevant to world markets that demand high quality, technology-rich products. The potentially huge domestic market of 140m consumers is too poor, too unsophisticated and excessively regulated to support internationally competitive industries. And many Brazilians speak fearfully of a future world divided into impregnable trade blocs.

The expansion by many of these companies overseas is a natural extension of highly successful export efforts; none can risk losing markets as Europe, Canada, the United States and Mexico and Far Eastern countries form supranational economic units.

About a dozen leading companies already have international manufacturing units. As many as 400 smaller companies plan to diversify overseas as well. In the first seven months of the year, Brazilian companies invested $250m overseas, compared with $75m during the same period of 1988.

The impending unification of Europe has made it the principal target for Brazilian investments. The EC is Brazil's most important export market, in particular Portugal, where Brazilians are the fourth largest foreign investors ($100m forecast this year). There are the obvious attractions of a shared language and culture, combined with low costs and the added appeal of EC grants and soft loans.

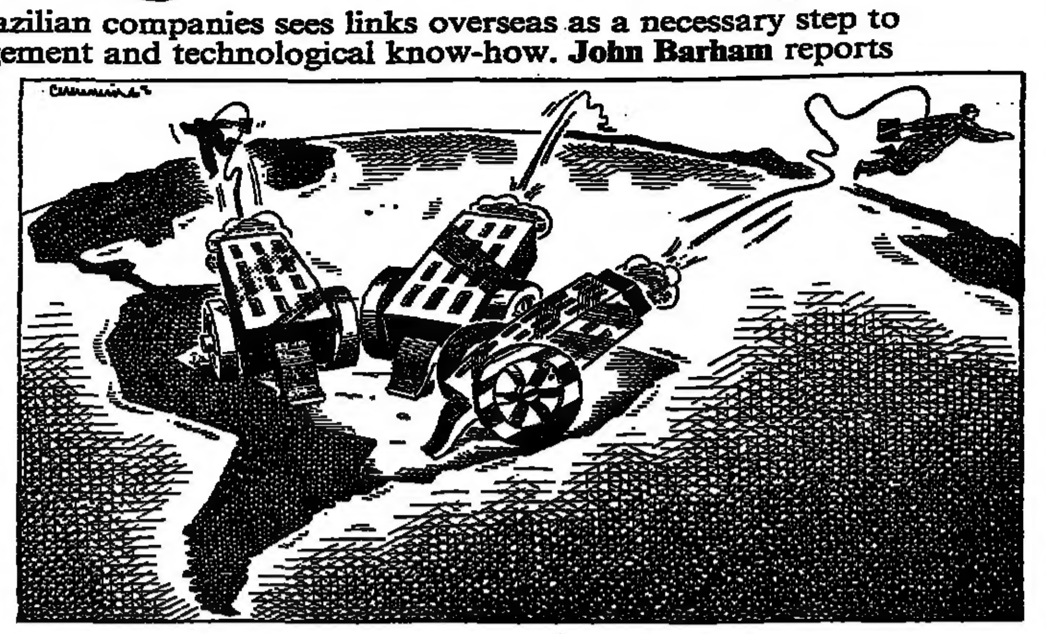
However, Brazilians complain that Portuguese workers' skill levels are little better than Brazilians' and that the bureaucracy is as lethargic and enmeshed in red tape as their own. Although companies undoubtedly gain a competitive edge by operating within European or North American markets, greater profits are rarely a factor in investment decisions.

Abraham Kasinski, founder and president of Cofap, a leading car parts company, has chosen to locate his next factory in Europe rather than in Brazil. Kasinski may build the $100m factory in Portugal or Ireland. Productivity and efficiency will be higher and the technology more advanced than in Brazil.

However, profits will be lower. Instead of the 24-30 month payback periods commonly seen in Brazil, Cofap may not recoup its investments for up to five years in Europe. But Kasinski says: "Our competitors are building factories in the EC and we must do the same to keep a market that took us 15 years to penetrate." Last year Staroup set up a joint venture with a Soviet company to make jeans in Moldavia. This month it opens a new factory in Portugal. It is negotiating to build another in Hungary.

Ranschburg says: "The idea is to use part of the production to export jeans to the US, our most important market, using Hungary's export quota." Staroup cannot raise its US exports from Brazil, because it has reached its quota ceiling. The Hungarian factory could double Staroup's US exports to $20m a year.

Neither do investments contribute heavily to group turnover. Pao de Acucar, Brazil's largest supermarket chain, was among the first companies to set up abroad, opening a store in Lisbon in 1970. It now dominates Portuguese retailing. Its sales are 15 per cent of the chain's total turnover of $2bn.



Subjective factors are important in markets where price is not always a key factor. Foreign investments bring added confidence, reliability, stature and prestige. Bresser Pereira, Pao de Acucar's general director, *like many others, has* found that greater contact with foreign markets has taught valuable lessons that have improved the parent company's operations.

For instance, the Portuguese operation has access to abundant and relatively cheap computer equipment, *so it uses* computer technology more intensively than the Brazilian parent. Brazilian government policy virtually prohibits imports of advanced technology to protect local companies making over-priced obsolete imitations of foreign products.

Portugal is a test-ground for new management methods. Bresser says: "Most of our modern administration techniques were first tried out in Portugal and then applied in Brazil." Pao de Acucar began its policy of decentralised management in Portugal, where stores operate virtually as independent units. The company draws heavily on developments in the US. Its Brazilian warehouse stores were closely modelled on the first US warehouse stores and now *it is following* the US trend away from centralisation.

Says Bresser Pereira: "We were tempted to open a store in Cincinnati, but we realised we had no competitive advantage and little chance of success." Instead, it has opened *stores in Eastern Europe and* Angola, where efficient management is virtually unknown.

Two companies have suffered badly from their foreign ventures. Gradiente Eletronica SA, a major consumer electronics company, admits to elementary mistakes when it set up a *subsidiary in Mexico City in* 1970. Generous investment incentives attracted Gradiente to Mexico. But the venture folded in 1982, when the Mexican government revoked many of the subsidies and devalued the currency.

Getulio Reis Arrigo, the company's vice president for finance, says that it was an interesting experience. "We know now that it is not good enough just to watch production and sales. You have to adjust to local culture, watch the government and watch for sudden changes."

Any executive at a foreign multinational with operations in Brazil would have told Gradiente the same thing. Rede Globo, which claims to be the world's fourth largest TV network, *is retreating from* Europe after a costly battle to establish itself in the anarchic Italian market in 1985.

Globo was apparently unprepared for the vicious competition from Silvio Berlusconi, the Italian media magnate. To avoid similar pitfalls, most *Brazilians have* teamed up with local partners – a significant departure from established customs. Brazilian companies are still tightly-controlled by autocratic founders or their heirs who avoid partnerships in Brazil.

Yet in most cases, *management of overseas units* is in the hands of locals trained by Brazilian executives. Curiously, Brazilian companies' ability to prosper with inflation of almost 50 per cent a month may add a little edge to their foreign operations. Rampant inflation peps up efficiency by making companies aware of the cost of waste, whether of time, stocks or money. But Brazil, suffering a heavy debt burden and worsening capital flight, is hardly in a position to permit any unnecessary outflow of foreign currency.

Thomas Felsberg, a lawyer specialising in creating overseas subsidiaries, says the Central Bank "is against [investments] but officials are realistic. No one is blind or stupid." Companies can legally transfer capital abroad in several ways.

First, they can legally sell Brazilian new cruzados to Montevideo, where they are converted to hard currency at the black market rate – currently half the official exchange rate. Uruguay has no exchange controls, so the funds can easily be transferred anywhere in the world. Second, companies can buy gold and exchange it for currency at the Central Bank. But gold is priced at the black market exchange rate.

Finally, investors can try winning approval for conversion at the official exchange rate. Private companies' applications are rarely approved. Bankers suspect that some companies are set up with capital accumulated offshore through years of fiddling export and import invoices.

Ironically, multinationals based in Brazil can freely remit dividends and repatriate capital through the official exchange rate, subject to withholding taxes. This year a net $3bn in dividends and foreign capital are expected to leave the country. Last year Portugal and Brazil opened a $300m reciprocal credit line to finance investments.

No Portuguese investor of note was interested in Brazil, but hordes of Brazilians were only too happy to invest in Portugal with currency bought at the official rate. Approvals have been delayed as disapproving bureaucrats comb through proposals looking for cowboys. Some companies are mounting cheaper and more imaginative alternatives, usually involving combinations of loan and equity financing.

Grupo Gerdau, Brazil's largest private steel producer, agreed in October to buy Canada's Courtice Steel for $52m. It will only put up $7m and will borrow the balance locally against Courtice's annual sales of $88m.

Cofap's $100m factory will be financed with a parent company equity stake, EC loans and grants, government incentives, a partnership with local investors and some bank financing. The banks will probably buy debentures. Cofap will retain control through judiciously-drafted company statutes. It is perhaps no accident that many investors are of immigrant stock.

Bresser Pereira said his company's decision to set up in Portugal was "an emotional thing – the boss is Portuguese who became very successful in Brazil. He wanted to be successful in Portugal as well."

Management abstracts

Walking the tightrope: supervisors. *W Woolf in Works Management (UK) Jun 89 (5 pages)*

According to a recent survey of 1,500 supervisors, little has changed in supervisor training in a quarter of a century because, apparently, half receive no formal training and most regard training provision as poor or very poor, 70 per cent do not believe that managers take enough interest in their personal development and, although ambitious, over half expect no more promotion. Charts the perceived difficulty of, and satisfaction reported from, their various responsibilities and adds some quotes; suggests that managers give this article to their supervisors as the basis for discussion.

New Technology: the cost of thinking. *D. Weatherall in Management Services (UK) Jul 89 (3 pages).*

Asserts that the cost of thinking (gathering and interpreting information to make a decision and then managing its implementation) is increasing along with computer power and software complexity, i.e. newer, powerful systems cost more and so do the people who have to be trained to operate them. Believes the solution is to insist on simplicity and gives advice on achieving this, i.e. insis on proper justification for all IT expenditure.

The dark side of executive relocation. *C.C. Pinder in Organization Dynamics (US) Spring 89 (11 pages).*

Reports extensive research into what moving does to executives (and their wives and families). Sees relocation as a prime example of the situation in which the interests of the employer invade the employee's personal life, and suggests those responsible should consider the human costs of transfer policies.

Job appraisals: what is your most important job function? *M. Kroll + W.L. Wright in Personnel Administrator (US) Jun 89 (4 pages).*

Criticises job appraisal schemes for giving equal weight to each of the factors assessed, when subordinates want to know what really counts with their particular boss. Since different managers may (a) have different priorities and (b) not be completely clear themselves about relative weights, suggests that a systematic procedure is required to obtain a given manager's weightings; recommends "adaptive conjoint analysis" – based on selecting preferences within pairs of judgments; indicates, but does not fully explain how it works, and refers to, but does not identify, appropriate computer software for processing the data.

Incentive travel: what do winners really want? *A.E. LaForge in Successful Meetings (US) May 89 (7 pages).*

From a survey of incentive travel users, distinguishes between different age groups and their particular values; considers how, therefore, these values will influence their views of incentive programmes and – in turn – be used to develop such programmes. The over-51s, being "traditionalists" (a term culled from the motivational theories of Morris Massey), place great emphasis on the perceived value of the trip; the under-30s (challengers/rejectionists or synthesisers – depending on age) stress updates on how they are doing in the incentive programme – this being followed by recognition.

How to manage change effectively. *D.L. Kirkpatrick in Training & Development (UK) May 89 (3 pages).*

Discusses principles for the management of change so as to eliminate or overcome resistance and get a high degree of acceptance; it needs empathy, to understand why people resist or resent change; communication of the change and the reasons for it; participation, to encourage input from people affected by the proposals. Presents a checklist for assessing one's own attitude to change.

Keeping adults interested in training. *M. Rigg in Transition (UK) Jul 89 (3 pages).*

Summarises a recent Policy Studies Institute survey, spanning all educational levels, on factors that keep adults interested in training and stimulate their either to undertake it for themselves or to participate willingly in courses provided by their employers; also analyses why 40 per cent of respondents did not consider any further training to be worth investigating, e.g. they felt they were too old to benefit from it.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £5 each (including VAT and p+p; cash with order) from Anbar, 62 Toller Lane, Bradford, West Yorkshire BD8 9BY.

ARTS

Peak performers and choreographic chasms

Our dance critic, Clement Crisp, looks back on 1989, a year which saw Rudolf Nureyev leave the Paris Opera, the retirement of Natalia Makarova after a triumphant return to Leningrad, and a new name and home for Sadler's Wells Royal Ballet

It was a year of peaks and chasms, a few arrivals and more departures. We mourned the passing of Robin Howard, who made modern and post-modern dance possible in Britain. Mikhail Baryshnikov quit American Ballet Theatre and Rudolf Nureyev left the Paris Opera. Natalya Makarova returned in triumph to her native Leningrad and then gave up dancing. Maria Almeida and Jonathan Cope announced that they would leave the Royal Ballet at the end of the season, and young Darcey Bussell took the stage proudly as the heroine of MacMillan's new *Prince of the Pagodas*. London Festival Ballet, as English National Ballet rejected four decades of history with its name, and lost three notable dancers – Trinidad Sevillano, Matz Skoog, Patrick Armand. Sadler's Wells Royal Ballet learned that it would acquire a new name and a new home when Birmingham pulled off a coup by inviting the troupe to take up residence there next year.

At Covent Garden there were two major arrivals in the repertory: Makarova's staging of *La Bayadère* provided meaty drama and meaty dancing; MacMillan's *Prince of the Pagodas* was a classical show-piece that brought a score of first importance back into the theatre. It also showed how dance's academic language can still sustain drama, and that a new generation of dancers – Darcey Bussell and Viviana Durante at their head – hold hope for the 1990s.

Balanchine's *Rubies* arrived in the repertory, its punchy energies not best suited to local casts; Ashley Page's *Piano* did no service to Beethoven's first piano concerto or to the idea of a renewed classic style.

In matter of its musical identity, the Royal Ballet was schizoid. Early in the year *Romeo and Juliet* was conducted by Bernard Haitink with extra musicians, lustrous sound, and wonderful performances from a cast plainly inspired (as our National Ballet has always been inspired) by fine playing and vital interpretation. We must contrast that with Brummagem effects in the *Bayadère* score – why not trust Minkus' period manner in orchestration? – and with evenings of leaden musical competence that sapped the life from ballets and dancers.

Guest artists did much to enliven the Covent Garden year. Makarova took her farewell to ballet in the West with two luminous portrayals of Juliet, Julio Bocca her ardent Romeo. Bocca returned in fiery form – as dancer and actor – in *La Bayadère*, and inspired in Viviana Durante and Deborah Bull expressive performance. Nothing this exceptional danseur does is without psychic vitality and physical élan. Altynai Assylmuratova arrived like some Eastern divinity to show why the role of Nikiya is so revered in Russia, with Faroukh Ruzimatov brooding and agonising as her partner. Sylvie Guillem, a "permanent" guest, has offered prodigies of acrobatic technique at the expense of the roles she has danced. A notable gift is dissipating itself. Laurent Hilaire briefly and handsomely appeared in *Other Dances*.

Performers of the year, besides Darcey Bussell and Viviana Durante, include Jonathan Cope (at his best as the hero of *Pagodas*) and Deborah Bull, with Errol Pickford bounding in the steps of Baryshnikov and Edward Villella in *Rhapsody* and *Rubies*, and proving a perfect G R Sinclair in *Enigma Variations*, wherein Jonathan Burrows was excellent as Stuart Powell. But this sensitive work, and *A Wedding Bouquet*, brought cause for alarm: the preservation of the Ashton repertory depends upon interpretation being idiomatic, and both works looked unkempt.

For Sadler's Wells Royal Ballet the year was one of continuing good fortune, crowned by Birmingham's invitation to set up home there next year. The revival of Geoffrey Cauley's *Lazarus* reasserted the choreographer's power to create potent images (with Philip Prowse's design, as usual, among the very best of the year). Young choreographers Vincent Redmon and William Tuckett created piece worth seeing, and alone among British companies, SWRB showed that our dancers can tackle Balanchine with honour. The stagings of *Theme and Variations* and *Divertimento No. 15* were sure, with Miyako Yoshida and Petter Jacobsson deserving highest praise.

In a Covent Garden season, SWRB presented Elizabeth Maurin and Georghe Iancu as valued guests in *Sleeping Beauty*; the company also gave the first performance of David Bintley's full-length *Hobson's Choice*, danced with entire devotion by its cast – Michael O'Hare superb as the hero – it missed not one predictable trick (except perhaps a doggie with a bandaged paw) in inviting audiences to love it. And they did.

Among other Royal Ballet activities, the School presented *Les Patineurs* and *Two Pigeons*, and as choreographic ventures I admired Jonathan Burrows' post-modern *"dull morning cloudy mild"* at The Place, and at Riverside Studios a mad moment by Simon Rice (rightly entitled *Manic* as its cast grimaced and fidgetted and made witty dance), and a student piece, *Treble Back*, by Matthew Hart from the School. All these novelties told of creative imagination.

The renamed English National Ballet seemed to have lost its audience with its former title. A season at that unlovely spot the Dominion Theatre was poorly attended, and Peter Schaufuss' version of *Napoli* (its second act clouded with dry ice and unnecessary revisions of the text) looked less than the masterpiece that it is. The bright moments came with star dancers: Ekaterina Maximova in a single and impeccable performance of *Onegin*, and Lynn Seymour at her most heart-searing in a revival of MacMillan's one-act *Anastasia*, and in *Onegin*. During a Festival Hall season Ronald Hynd's version of *Coppélia* was danced with utter charm by Trinidad Sevillano. Christopher Bruce provided an admired version of Stravinsky's *Symphony in Three Movements* for the company.

With undimmed enterprise the Rambert Dance Company went on staging new works, offering new design, new music. In a Wells season, and as part of the Almeida Festival, this constantly adventurous troupe showed that innovation is not necessarily forbidding. Richard Alston's new *Cinema* (with bold design by Allen Jones) and *Pulau Dewata*, the reworking of his *Mythologies*; *Embarque* and *Okanagon* strongly crafted by Siobhan Davies; Mary Evelyn's *Calm*; pieces by Cunningham and Trisha Brown, told of a company alert, with artists – led by Amanda Britton, so pure in line, and the powerful presences of Mark Baldwin and Paul Old – who provide the sharp focus in dancing that makes the Rambert image so potent.

London Contemporary Dance Theatre knew a traumatic year. It was tragically marked by the death of Robin Howard, while Robert Cohan, the company's other founding figure, took his effective departure from artistic command with an evening of new choreography at the Queen Elizabeth Hall. Admirable was his *Metamorphosis*, in which Darshan Singh Bhuller peeled off layers of clothing to reveal layers of feeling. Bhuller contributed new works to the repertory, as did Jonathan Lunn, and Dan Wagoner arrived from America as artistic director and produced two pieces. But for these columns, LCDT's creation of the year, and one of the most memorable pieces of 1989, was Kim Brandstrup's *Orfeo*, in which an elegant combination of contemporary dance and Baroque manner, fine design by Craig Givens and a fine score by Ian Dearden, provided a coherent view of the myth, with excellent performances from Tracey Fitzgerald, David Hughes, Kenneth Tharp, Jonathan Lunn. That in everything they danced, LCDT's artists were generous and exhilarating, is an annual accolade.

About Scottish Ballet, I record that the company staged a version of *Petrushka* by Oleg Vinogradov, director of the Kirov ballet, and acquired some Kirov divertissements. The company also acquired a *Peter Pan* from Graham Lustig, an enterprise unwise in every respect, though Vincent Hantam as Peter saved his honour as an artist.

Northern Ballet Theatre presented a new triple bill which did not arouse Alastair Macaulay to any enthusiasm in these pages; London City Ballet gained dear *Graduation Ball*, toured tirelessly, and showed us a half-baked *La Traviata* which, even, will serve well for LCB's devoted public. It benefited from serious interpretation by Kim Miller and Edwin Mota.

After 16 years absence, Paul Taylor came back to London and a new generation of viewers learned why his dances and his dancers are so loved. The Taylor magic fuses imaginative daring, musical sensibility, unerring theatrical wisdom and a movement language that looks constantly fresh. His works can be joyous or bleak: they involve us utterly, and we are grateful. The Old Master, Merce Cunningham, brought new pieces that find him still exploring and refining his art. His sound-tracks on this visit seemed dated when set against the freshness of his movement. Pilobolus also came to London, ideal for those who can watch such activities without the suspicion that there must be something better on the television.

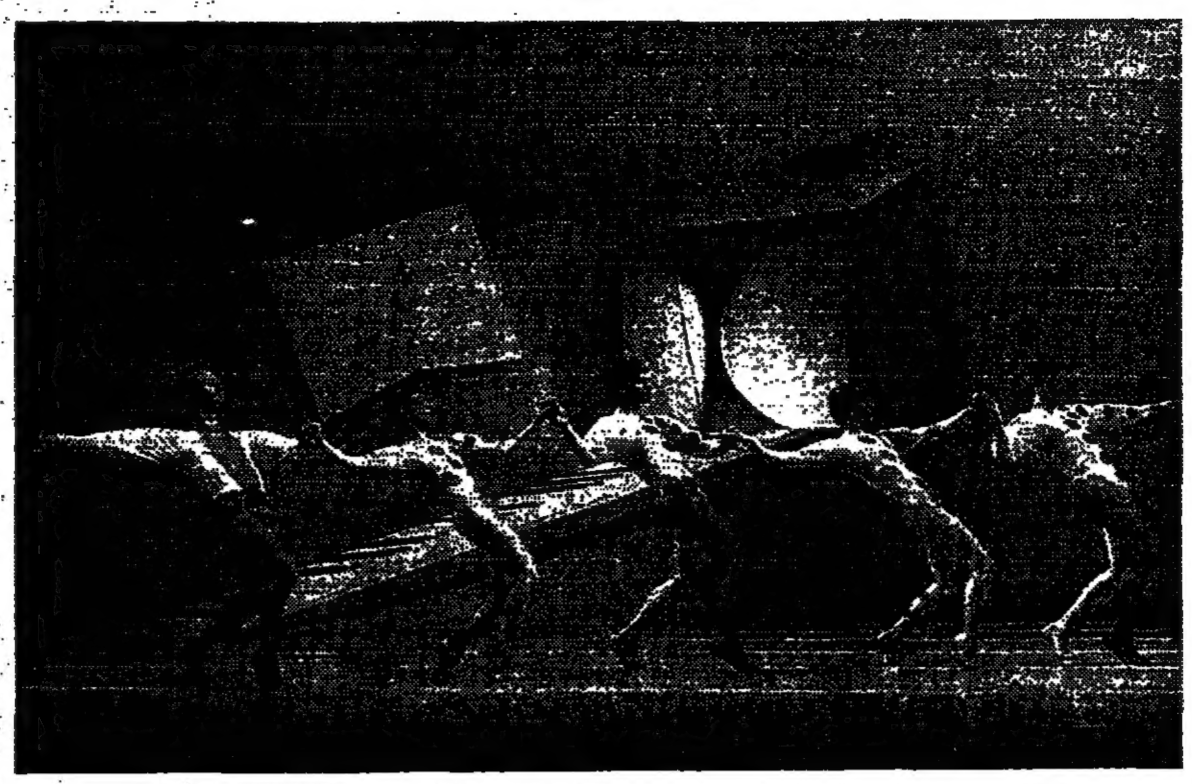
For the post-moderns there was much to admire in the work of Wim van der Keybus from Flanders, where danger and dance went hand in hand as bricks were thrown and movement edged near the precipice of chaos. Laurie Booth proved that our local New Dance is alive and kicking, and curled in magnificent form through his own *Terminus Terminus*. Siobhan Davies did not look at her creative best in a programme for her own troupe; Rosemary Butcher produced a dull batch of ecological pieties; various other groups did their own inconsiderable thing without raising the artistic temperature. (We could do with a Greenhouse effect in dance.) Worst event of the year was an invasion of French "modern dance" troupes, whose intellectual pretensions were matched by malformed creative ideas. The litany of dread names needs no listing here, except to note that a session with the Groupe Emile Dubois makes one long for the dentist's chair.

Welcome visitors included the Hungarian National Ballet to Covent Garden; rather less welcome another Hungarian troupe – from Győr – with some Eastern bloc Béjartery and that inescapable Magyar delicacy, *The Miraculous Mandarin*. The Gulbenkian Ballet was happily seen at the Wells, as was the Cumbre Flamenca ensemble, with the glorious La Chana's heels drumming and purring. There were Zarzuelas at the Wells, and the disappointing Spanish National Ballet at the Edinburgh Festival, which also offered Johan Kresnik's ferocious blood-spattered *Macbeth* as a potent antidote to the banalities provided by the Houston Ballet.

Dominant visitors of the year were, of course, the Bolshoy Ballet. A Coliseum season brought six weeks of nobly-scaled dancing, which means not just the block-busting energies of *Spartacus*, in which Irek Mukhamedov led a prodigious cast, but the refinement of Semenyaka and Fedotov in a fragment from *La Sylphide*. Bessmertnova and Semenyaka shone in Grigorovich's distillation of *Giselle*, and the troupe showed itself capable of the subtlest as well as the most triumphantly positive dancing. Mukhamedov made an joyous appearance in Nottingham with the Royal Ballet of Flanders, zipping in highest spirits through the company's lively *Don Quixote*.

Other foreign reports concerned the idiomatic revival of Massine's *Les Présages* by Tatiana Leskova for the Paris Opera Ballet, and the confusing *Tanzschul* that Jiri Kylian made for that same company, marvellously led by Laurent Hilaire. In Paris, the bicentenary of the Revolution had one of its oddest celebrations in Béjart's *"1789 . . . et Nous"* which involved 50 bicycling Chinese, an Indian dancer, and a passing nod at pollution. Of course! New York City Ballet, in dazzling form, shed light in Paris and Glasgow; the company's School of American Ballet joined in a unique session at the Holland Festival with Leningrad's Vaganova School, which brought honour to both. In Leningrad I saw Makarova return to her native theatre and the hearts of her audience, and dance her farewell. In Brussels, Mark Morris produced choreographic gems in two sets of *Liebeslieder Walzer*, and then gave Baryshnikov an intriguing identity in a commentary on the Hollywood *film noir* of the 1940s.

Thus 1989. Convulsively uneven, it contained signs and portents for a difficult decade to come, whose chief concern must be the extension of the academic dance in the creation of classic ballet and true classic performers. The task, said Ingres, is not to invent, but to continue.



Top, the Rambert Dance Company's *Cinema* (choreography by Richard Alston); right, Nadezhda Pavlova and Irek Mukhamedov in the Bolshoy's *Spartacus*; left, Lyudmila Semenyaka in *Sleeping Beauty*, part of the Bolshoy's six-week season at the Coliseum

A revolution in television? I should be so lucky . . .

In one way it was entirely fitting that we should mark the end of the '80s and the start of the '90s by watching Kylie Minogue dressed in a mini romper suit and a pair of Max Wall's old shoes piping "I should be so lucky" while dancing a one-step. At the side of the BBC1 set was Minogue's compatriot *Clive James*, wiggling his pelvis in an embarrassed '60s manner and determinedly sustaining a rictus of bonhomie for whenever they should cut to camera three.

He is a fair dinkum pro these days, our Clive, willing to go to any lengths, and any depths, for the sake of another laugh. On this particular night his eyes, which have been steadily receding into his skull for several years, had virtually disappeared by midnight, making him look more than ever like a Beardsley homunculus. The Australian flavour of the celebration was fitting because, as the '80s were drawing to a close, the BBC was discovering to its astonished delight that it could attract its biggest audiences with an Australian phenomenon called *Neighbours*, which starred the diminutive Minogue.

BARB audience figures for the most recent week on record (ending December 17) show that slots No. 1, 2, 3, 4, and 5 in the BBC's list of top-rated programmes were filled by the episodes of *Neighbours* shown twice each weekday on BBC1. Since they are made in something approximating to English, and cost a fraction of originating your own material, the only prospect of a slackening in the flood of Australian soap as the '90s proceed depends upon the current disasters in the Australian television industry growing even worse. That is on the cards, given *the chaos which has* resulted from the inflated prices paid for Australia's commercial broadcasting franchises, though the production companies which make the soaps may survive.

It is a pity that Mr James has moved to television because the Australian soaps and his talents as a columnist were made for each other. His wonderful wise-cracking style would provide an ideal commentary upon such billabong sagas as *Neighbours*, *Home And Away*, and *The Young Doctors*, and his intimate understanding of dunny spiders, tinnies, eskies and so on would provide invaluable contextualisation. As it is, we shall simply have to attempt *the job for ourselves, with no* expert knowledge, and this column, will be devoted, some time in the new year, to a study of a few weeks' episodes.

This should not be taken as a sign that the FT's Wednesday television column will be altering its approach during the '90s. On the contrary; the more television there is, the more sense it seems to make for newspaper critics to concentrate on two functions: previewing programmes in order to suggest what may be worthwhile; and writing in retrospect, on broad categories, at some length, in an attempt to identify and comment upon television's major themes.

It is only too easy to look back over any 10-day period on *television* (particularly the last 10 days, which have catered for an audience supposedly consisting of old-fashioned family groups) and pour contempt upon the entire medium. There was certainly a lot of familiar old stuff around. Once more Bing sang "I'm Dreaming Of A White Christmas." Yet again Clark Gable told Vivien Leigh "Frankly my dear, I don't *give* a damn." For the umpteenth time the Marx Brothers harmonised in "Hail, hail Freedonia." For the eighth year running *The Snowman* made your teeth ache with the sweetness of his sentimentality.

But to leave it at that would be dishonest. Television at Christmas 1989 also meant the Romanian counter-revolution; the execution of the Ceausescus; the street battles fought by the Romanian people against the secret police, the Securitate; and those unforgettable scenes in the Bucharest television studios: the bizarre alliance of poets and military men calling upon Romanian viewers tomuster behind them, and then that electrifying moment when, as ITN's reporter Paul Davies explained from inside the building, the inhabitants of the studios trained their guns on the lift doors because they were convinced that the Securitate were about to arrive via their maze of secret tunnels.

The reports we saw were brave and good, yet television as a whole still suffered appallingly from the inflexibility of its scheduling. While the 500-year-old medium of print enabled newspapers, as usual, to arrange their daily mixture of news, background material and entertainment in such a way as to give the greatest prominence to the electrifying events in eastern Europe, the 50-year-young electronic medium of television found itself locked even more tightly than usual into its pre-ordained structures.

For example, up to Friday December 22 BBC2's *Newsnight* remained with us, an invaluable place where you knew you could look at the end of each day not only for a serious and efficient summary of the day's events, but for sensible analysis and comment too. On the 22nd Donald McCormick introduced news stories from key points and then, in the London studio, interviewed down the line Vlad Borbea, a teacher who had been demonstrating that day on the streets of Bucharest; Vitaly Kobysh of *Izvestia* in Moscow; and a Yugoslav journalist who supplied invaluable social and historical background on Romania's situation.

Then came Saturday December 23 with events building to an almost unbearably dramatic climax, and *Newsnight* simply went off the air for the holidays. It stayed away until yesterday, leaving space for such essential items as an Ayckbourn comedy, a spaghetti Western and a repeat of *Yes Minister*. Channel 4's normal 55-minute early evening news also went off the air from December 22 to 27, the very days when news from Romania was at its most critical. It was replaced by programmes about angels, a racehorse, a circus and so on. No mass medium which behaves like that can expect intelligent viewers to take it very seriously as a dependable source of news and current affairs.

True, there were half-hour news specials on both BBC and *ITV*, but few viewers will have noticed them except by chance, and they were outweighed by the mixture of tinsel and familiar old ornaments brought down from the loft. There was also, contrary to the impressions that commentators so often give, a generous supply of well-made, middle of the road, middlebrow entertainment.

Granada's version of Nevil Shute's 1942 story *Pied Piper* was longish and slowish, and pretty far-fetched, but the same company's adaptation of Elizabeth Bowen's *The Heat Of The Day* was splendid. I can hardly praise it more highly than to say that, apart from the absence of '40s crooners, it could have been an episode out of *The Singing Detective*. The lead was superbly played by the same man (Michael Gambon), the period fitted perfectly and was elicited with extraordinary accuracy, and even the atmosphere of indistinct threat would fit well into the Potter series.

BBC2 brought us profiles of Iris Murdoch, John Huston (at great length) and, in effect, Chris Evert. Channel 4 offered a look at the career of Tommy Cooper in *Just Like That!* with comedians queuing up in a – finally fruitless – attempt to explain exactly *why* he was seen as the professional's *professional*; and an enjoyable evening of archive clips, arranged as *The A-Z Of TV*.

There were ballets, too, and orchestral music, and those of us who were still missing some of the more obscure movies of Fred Astaire and Ginger Rogers from our personal collections will be rubbing our hands in glee at the opportunities offered by BBC2's daily offerings (*Follow The Fleet* this morning).

But none of that can make up for television's failure to bring us as much coverage of Romania as some of us wanted. As the '90s proceed, assuming that some kind of satellite service remains in operation, it will be this sort of failure by terrestrial television that drives the more demanding viewer into buying a dish, because one of the central strands of the satellite operation is a 24-hour news service.

Christopher Dunkley

ARTS GUIDE

December 29-January 4

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 2428).

Jeffrey Bernard Is Unwell (Apollo). Brilliant performance by Peter O'Toole as an alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. Ned Sherrin directs (437 2663).

The Good Person of Sichuan (Olivier). Magnificent National Theatre revival by wunderkind Deborah Warner of Brecht's great parable of moral ambiguity about a Chinese prostitute who can only do good by adopting a vicious disguise. If poverty is not combated by political systems, what can an individual's compassion do? Witty new translation by Michael Hofmann. Fiona Shaw leads a fine cast in a play new-minted for the 1990s, Jan 3, Jan 11-18, Jan 29-Feb 3 (928 2252).

A Little Night Music (Piccadilly). Fine revival by Ian Judge, imported from Chichester, of Sondheim's 1973 schlagobers version of a Bergman film. A beautiful score, composed mostly in waltz time, is touchingly performed by Lila Kedrova, Dorothy Tutin (her best work in years), Peter McEnery and Susan Hampshire (867 1118).

Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African family in Cape Town and Maida Vale. Albert Finney plays father and concert pianist son across 35 years, suggesting that talent is a means of escape and a reason for not going back. Janet Suzman and Sara Kestelman are electrifying in support (867 1116).

M. Butterfly (Shaftesbury). Peter Egan has taken over from Anthony Hopkins as the tortured diplomatic hero in a Peter Shaffer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. The transvestite tragedy proves less electrifying than in New York; the play is not very good but still worth seeing (379 5399).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).

Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit.

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington

Annie 2 (Opera House). The American theatre is not immune to sequel-itis, which plagues the other arts, and here ordains a return trip to the orphanage for Dorothy London surrounded by 18 sets, 33 actors and one dog. Ends Jan 20 (467 4600).

Chicago

Driving Miss Daisy (Briar Street). The touching relationship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (348 4000).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Tokyo

Kabuki. The festive new year programmes (at 11am and 4.30pm) at Kabuki-za feature all the top stars, including several Living National Treasures. Among the highlights of the matinee is a famous scene from *Benten Kozo*, whose underworld hero dresses as a lady of rank to carry out a raid. Opens Jan 2 (541 3131). At the National Theatre a triple bill featuring mainly younger actors and including Yanone (The Arrowhead), an evergreen new year favourite acted in the extravagant "aragoto" style. Opens Jan 3 (265 7411). Both theatres have excellent earphone guides in English as well as English-language programmes.

FINANCIAL TIMES
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Israel and the PLO

MR YITZHAK SHAMIR, the Israeli Prime Minister, has sent a clear message by sacking briefly his most dovelsh minister for communicating with the Palestine Liberation Organisation. Mr Ezer Weizman's exploratory contacts with the PLO were an excuse for Mr Shamir to declare that he means business when he says Israel and the PLO must not negotiate.

The curious compromise which led yesterday to Mr Weizman's partial reinstatement and the end of the Israeli coalition's latest political crisis has done little to cloud that hardline message. Mr Weizman has resigned from the inner Cabinet and agreed to abide by the rules in future, and the Labour Party to which he belongs has swallowed its pride and done nothing but accept a face-saving deal. The coalition is intact and Mr Shamir, leader of the right-wing Likud bloc, will review Mr Weizman's position in 18 months. Mr Weizman, who is not only Science Minister but also a former head of the Israeli Air Force, has been treated like a delinquent schoolboy.

These events are depressing on two counts. First, they show that the Israeli Government as a whole is not going to make it easy for the Bush Administration to advance the Middle East peace process. The foreign ministers of Israel, Egypt and the US are supposed to meet in Washington this month to prepare for an Israeli-Palestinian dialogue in Cairo, but progress towards the dialogue is stalled by the incompatible positions of the two sides. The PLO demands a say in the composition of the Palestinian delegation, while Israel rejects any PLO involvement, a stance reinforced by Mr Shamir's political manoeuvring of the last few days.

Transitory storm

On the second count, this transitory political storm has shown the unwillingness of the Israeli Labour Party leadership to stand up for a serious alternative to Mr Shamir's stonewalling on the issue of a Middle East peace settlement. Labour believes in trading Israeli-occupied land for peace, but, like Likud, it is officially sticking to the principle that Israelis should not negotiate directly with the PLO.

The fiction that Israeli officials do not deal with the PLO has become increasingly transparent since Mr Yassir Arafat, the PLO leader, recognised the existence of Israel a year ago and paved the way for the contacts between the US and the PLO in Tunis. Mr Weizman, himself a former Likud man, insists that not only the Labour Party but also the Shin Bet secret service were aware of his PLO contacts. Mr Shamir himself could be accused of negotiating indirectly with the PLO through his meetings last year with PLO sympathisers from the occupied territories, which makes the sacking of Mr Weizman and the six-month jail sentence for Mr Abie Nathan, a peace campaigner who met Mr Arafat, particularly hypocritical.

Compromise found

Significantly it appears to have been the hawkish Mr Yitzhak Rabin, the Labour Defence Minister, who played the most important role in stitching up a compromise to keep Mr Weizman in government. Mr Shimon Peres, the Labour leader, was accused by right-wingers of being involved in the PLO contacts and seems to have accepted Mr Rabin's advice. It may be said in Labour's defence that the party has good reasons to fear the collapse of the coalition Government. In the short term a new election could produce something worse than the current stalemate on the peace process, namely a narrow government of Likud right-wingers and religious extremists.

But there are many Jews in Israel and the diaspora, and many non-Jewish friends of Israel, who believe the time has come for the Labour Party to stand up for its own beliefs, to stop protecting Mr Shamir from the consequences of Likud's uncompromising policies, and to admit officially what most Israelis already know: that the PLO represents the views of the majority of Palestinians and is therefore an obvious negotiating partner. As Mr Weizman is so fond of saying, you need to make peace not with your friends but with your enemies.

A cosy cartel in the milk trade

IN MRS THATCHER'S Britain, where belief in enterprise and competition is held to be paramount, the continued existence of a government-endorsed monopoly at the heart of the country's food industry is a curious anomaly.

The five marketing boards for milk are not the only ones exercising an effective monopoly – boards for marketing wool and potatoes have also survived from the 1930s when they were formed to protect farmers' interests. But the Milk Marketing Boards, with annual turnover of more than £2bn and big interests in dairy manufacture, are by far the largest and most blatant.

The five boards (three in Scotland, one in Northern Ireland and one, much the largest, for England and Wales) have sole right to buy all the milk produced by the country's 44,000 dairy farmers, and to sell it on. The MMB for England and Wales is at the same time the largest customer for that milk, through its ownership of dairies and of the manufacturing company, Dairy Crest. And that part of the market which the boards do not actively control they organise through annual price fixing with the half dozen other users in the Dairy Trades Federation.

When Britain joined the European Community in 1973 the arrangements were approved by Brussels partly because they did not then involve such widespread commercial activity and partly because Britain argued successfully that the boards would help maintain milk sales, thus reducing surpluses.

Competition inhibited

Since then, aspects of the monopoly – including a ban on imports of fresh milk – have been found contrary to EC rules and have lapsed. In recent years several independent-minded dairy farmers and would-be manufacturers, fretting at artificially controlled raw material prices which inhibit competition in new markets for cheese or milk-based foods, have tried unsuccessfully to challenge the system.

However, since the monopoly powers are granted by statute, they can only be abolished by the repeal of the agricultural marketing acts. The Government has been noticeably unwilling to act. The Ministry of Agriculture under Mr John MacGregor, then minister, decided to leave the boards in being, partly no doubt because farmers lobbied for their retention and there was no equivalent consumer lobby for their abolition.

In the case of the Wool and Potato Boards, government funding is to be gradually withdrawn. As for milk, Mr John Gummer, Mr MacGregor's successor, appears only to have told the MMBs that while the Government sees the need for change, it is up to the boards themselves and the Dairy Trades Federation to determine its nature and speed.

Voluntary co-operatives

This approach, as a paper from the Centre for Policy Studies rightly suggests, is not good enough. The document calls for the repeal of the agricultural marketing acts. Its authors – both farmers – also insist that the boards should be divested of their commercial activity and should be transformed into voluntary farmer marketing co-operatives.

The paper's starting point is that the monopolies are anachronistic and frustrate initiative and innovation, doing "real damage to our farm and dairy industries." Its conclusion is that their abolition would result not only in better value and greater choice for the consumer, but also in higher prices for the dairy farmer. Here they point to experience elsewhere in the EC, where under a much freer system milk product consumption and farm gate prices are considerably higher than in Britain.

The cosy cartel which exists in the dairy industry is unlikely to reform itself. The total lack of progress so far in talks initiated last year by the MMB with the Dairy Trades Federation on a more open pricing system shows how badly something more radical is needed.

When Mr Gummer took over from Mr MacGregor last July he emphasised his concern to put the consumer first. He could begin to fulfil that pledge now by turning his attention to milk.

OUTLOOK 90

Norbert Walter looks at what lies ahead for West Germany

Uncertainty after year of revolution

IT is more than just the start of a new decade for West Germany. The basis for all forecasts for 1990 has to be 1989, a year of revolution for Europe as a whole and for Germany in particular. So while there is unanimity among forecasters for 1990, doubts are justifiable regarding many of their assumptions.

The people of East Germany decided to bid their communist interlude a determined farewell and the centrally planned economy faces its ultimate bankruptcy. The Iron Curtain and Berlin wall have fallen apart. The Federal Republic of Germany especially is feeling the impact of an immigration wave from eastern Europe.

Although such changes are inspiring, they do trigger instability and uncertainty. It is not only the pace of change in eastern Europe which is difficult to assess. Western European integration is at risk as well, a process which has been at its most vigorous during the second half of the 80s. This process in itself was probably the trigger for unease and uproar in eastern Europe.

The risk for EC integration results from the fact that the Germans might now be preoccupied by the German Question and that the British (or perhaps only their Prime Minister) might consider change in the east to be an excuse not to continue western European integration along the lines of the single European market.

The West German economy is benefiting at present from a long hoped for recovery from Euro-pessimism. The seventh year of upswing, a new dynamism in corporate start-ups and job creation, an almost balanced public budget, an all-time record surplus on current account and an inflation rate low enough to make the D-Mark a very attractive currency – all are achievements which are reflected in the rise of stock prices and which could be considered a sound basis for three cheers for the German economy.

Such a fine performance in 1989 should be a good starting point for a successful 1990.

Some other factors add to the chances for this year: Firstly, there is the third stage of the income tax reduction, effective in 1990. It will leave as much as DM 25bn (about 1 per cent of gross national product) extra in the taxpayers' pockets, a fact which will benefit the consumer in particular. The reform also includes a big cut in the corporation tax rate from 56 to 50 per cent, so it will also support business investment.

The influx of people into West Germany is another important factor for domestic demand. Since 1987 the West German population has increased by 1.5m to at least 62m. These people need housing, they need consumer goods and consumer durables in particular.

Extra spending is only limited by the budget of the new residents. Together with rather generous social benefits, their preparedness to seek employment actively and to work hard helps them to gain income quickly, although their average income will be no more than about half of the average in the Federal Republic. Their savings rate will be low, if not negative for some time, so the addition to domestic demand should be in the neighbourhood of 1 per cent of GNP. The effects will be disproportionately high in housing and in consumer durables.

Two factors should dampen the economy in 1990. The first is monetary policy. The Bundesbank has been steering clear of its over expansionary course of 1986-88 for more than a year and has raised interest rates several times. Monetary expansion is down to target and almost half what it was before; the term structure of interest rates, which is slightly inverse, indicates restrictiveness. As a result of this policy, a number of interest sensitive outlays such as inventories, big consumer items and residential building will be dampened.

Another factor softening the economy is the slow-down of the world economy and its concomitants, for example the weakening of currencies of trading partners.

While the D-Mark's strength has provided welcome stability in West Germany, a further appreciation might cut severely into the sales expectations of German industry.

Not only the losses of the US dollar should be mentioned here (down by some 15 per cent from its peak in mid-summer 1989) but also a similar weakness of the pound and, possibly even more important, the weakness of the yen, difficult to understand if seen in the light of fundamental factors.

The continued upswing forecast for 1990 disguises a change of engines in the German economy. While the upturn was export driven until mid-1989 it has become a domestically led prosperity since. The main impulses will come from bullish private consumption and expanding residential construction. Investment in producer durables is likely to be the third pillar of the upward trend.

An especially uncertain factor in forecasts for 1990 is migration. If the GDR does not demonstrate a capability to reform fundamentally its political and economic structures towards democracy and an efficient market system, serious emigration from its territory looks inevitable. Accelerated immigration would be another shot in the arm for the West German economy: private consumption would increase even faster, demand for housing would be even more in excess of production capacities and the addition to the labour force would help to create even more jobs.

The influx would, at least temporarily, inflate unemployment numbers and place a burden on public budgets. Some forecasters fear that such tendencies, while enhancing the increase of GNP, would also lead to inflation, causing the Bundesbank to tighten its policies.

Another element of uncertainty stems from possible improvements in trade relations with the east and accompanying capital investment in various forms, including joint ventures. While the preparedness of western firms to invest in the GDR is overwhelmingly strong, it seems to be difficult to achieve the necessary changes of the legal and financial system, partly because the elections in the GDR are scheduled for as late as May 1990, and partly because even opposition groups seem to tend towards a so-called "third way," – a reformed socialism with a planned economy with some market elements. If the political process evolves in this way, the risk of a further wave of emigration from the GDR will be high as hopes fade for private capital investment.

This, however, is not my baseline forecast. In my baseline scenario, I assume immigration to total some 500,000 in 1990, including some 250,000 citizens coming from the GDR. Such an assumption is based on the belief that the move towards democracy in the GDR remains on course and that the reform of the economic order will look like promising a substantial improvement over the present one. This would be a reason for most citizens of the GDR to stay and for help to start flowing from individuals and western governments.

Another obvious risk for the West German economy is the upcoming wage round. Long-term wage contracts in recent years and an unexpected improvement of the economy have caused unease among unions. They are now asking for compensation and are demanding increased cuts in the working week. This seems to be an ill-advised strategy. Inflation fears are developing as a result, particularly in Bundesbank circles, and a clash between over-high nominal wage increases and a restrictive monetary policy could result, leading to a cyclical decline in 1991.

An issue relevant for the perspectives of the West German economy, as well as for many western European countries, is the progress of the single European market. After recent events one senses a loss of momentum for EC integration. This would be more than just a setback. It would imply giving up on the crucial factor triggering change in eastern Europe: western Europe's strength as democratic societies and successful market economies reflected in its unique concept of forming a federal Europe and a single market.

While German preoccupation with national affairs seems understandable at this stage, it encompasses great risks: to lose the friendship with France and to lose partners for free trade and an open financial system in the UK would not only threaten a highly desirable political balance in Europe, but mean losing sight of the most important market for years to come.

Whatever the successes of economic reform in eastern Europe, even a five-fold trade with these countries could not compensate for "normal" growth of trade with western Europe during the next five years. It should be obvious that a continuation of the single market process is essential to the economic well-being of West Germany and Europe.

At this juncture, West Germany badly needs the help of its friends in the west to stay on track for the single market. It would be particularly helpful if a London-Bonn axis could be established as well as the functioning Paris-Bonn axis in order to balance better the architecture of the EC.

Both Governments obviously favour the free market approach and want to avoid bureaucratic solutions. They have, however, proved to be incapable of establishing proper coalitions to influence important decisions successfully at the EC-level. Instead, both London and Bonn (or for monetary policy: Frankfurt) are acting only in a defensive way, fighting suggestions from Brussels. Many issues have to be given momentum soon. The tax question is but one important issue. Others are monetary integration and the opening of borders.

The time is ripe for truly European solutions. Companies are mapping out Europe strategically already. Time is running out for politicians and central banks.

Norbert Walter is chief economist at the Deutsche Bank, Frankfurt.

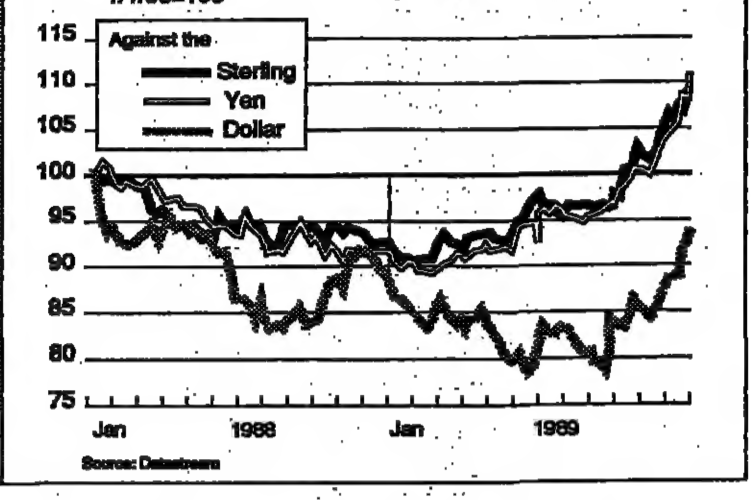
West Germany

Key figures

	Real % change over previous year 1988	1989	1990
GNP	3.6	4	3
Private consumption	2.7	1.5–2	3.5–4
Investment in machinery and equipment	7.5	9.5	6.5
Exports (goods and services)	5.8	11	6
Imports (goods and services)	6.3	6	8
Current account (DMbn)	83.5	105	100
Budget deficit * (DMbn)	53.5	23	40
as percent of GNP	2.5	1.0	1.6
Employed persons (increase in 1000)	174	340	320
Consumer prices	1.3	2.8	3.0

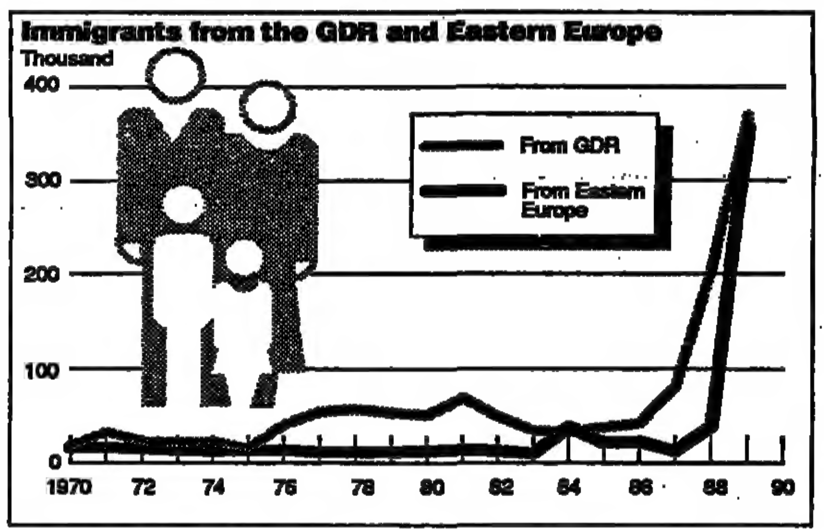
* Central, regional and local authorities
Sources: Federal Statistical Office, own estimates

D-Mark
1/1/88=100



Source: Datastream

Immigrants from the GDR and Eastern Europe



Football out of date

■ The case for a super league in English – and preferably British – soccer is growing stronger as this season wears on. If you do not believe me, take a look at the current state of the lower part of the first division.

There are five London teams in the bottom nine: Wimbledon, QPR, Crystal Palace, Millwall and Charlton Athletic. The number rises to six if you count Luton as being more or less London-ish. It may rise to seven if Chelsea go on playing the way they have been recently.

Having been at the top of the division earlier in the season, on New Year's Day Chelsea lost 0-3 at home to Aston Villa before a crowd of less than 24,000. That may seem spectacular when set against the less than 8,000 who watched Charlton being beaten by Southampton. But then turn to the second division where more than 30,000 saw Leeds draw 1-1 with Oldham.

Look more closely at the second division and some of the great names of English history and of English football (the two are not always interchangeable) are there. Not only Leeds, but Newcastle, Sunderland, Wolves, Sheffield United and Stoke City.

There are some great names in the third division as well: Birmingham, Huddersfield, Bolton, Preston, the other Nottingham and the two Bristols. Bristol City had a crowd of nearly 12,000 on New Year's Day.

Anyone trying to look at this objectively from the outside would see some anomalies here. Bristol is an affluent city which would like to have a team in division one. Why don't City and Rovers merge and go for the big time? And while it is good to see Aston Villa back in the bright lights – the club dominated English soccer in the 1890s – it would be even better to see a merger with its immediate neighbour, Birmingham City.

Personally, I would not stop at a merger of the two Manchesters or even of Arsenal and Tottenham Hotspur. Everton and Liverpool might sit it out for a while because of their continued high standards over time, but a merger would always be on the cards.

Professional soccer would then face the same competitive pressures as any other industry. The top clubs would play in the super league, subject only to the provision that there would be relegations every year and newcomers would be allowed in.

The rest of the game would be reduced – though one might say advanced – to semi-professionalism or semi-amateurism, whichever term you prefer. The sides outside the super league would play mainly regionally rather than being obliged to travel all round the country at great expense.

At best, the super league would include the top Scottish teams. There might also be a side, or sides, from Northern Ireland, and perhaps from the Irish Republic as well. The result would be to raise standards at the top and create a friendlier game lower down. And who knows? A team from the British and Irish Isles might even win the World Cup.

OBSERVER

Discrimination

■ Someone rang Gays the Word, the specialist booksellers, the other day, only to be told: "Sorry, we can't deal with your query now. We are undermanned."

Big boasts

■ A war of words broke out yesterday between British Aerospace and Imperial Chemical Industries as to which can correctly call itself Britain's biggest manufacturer.

"Of all the beaches in all the world..."

The aircraft, defence equipment and car producer is running an advertising campaign claiming this title for itself. The claim is in spite of the fact that BAe's annual sales, which are running at about £8bn, are roughly £4bn less than those of ICI. Britain's biggest chemical company has a market capitalisation of about £8.5bn – more than four times that of BAe.

Such details, however, were pooh-poohed by the aerospace group yesterday on the grounds that chemicals do not count as a manufacturing activity. "Our view is that you can classify under manufacturing only activities which have hard goods, like engineering components going out of the door," the company said.

These comments produced an equally sniffy response from ICI. It pointed out that in official economic statistics chemicals production, like other process industries, comes firmly under the heading of manufacturing. "The claim by BAe seems very odd to us – we always thought we were a manufacturing company."

BAe came back later and said that the justification for its claim is that it is the largest manufacturing company in Britain. A lot of ICI's output is overseas.

Cold cure

■ We have written before of the health-giving powers of the British onion – so much better than the French variety. So it was good to learn that the onion came even further into its own during the recent flu epidemic.

According to the British Onion Producers Association (BOPA), an old remedy has been resurrected for dealing with colds. It comes from the 70-year-old Mrs Lilian Poulton of Ashill near Swaffam.

Poulton is the daughter of Ernest Rippingdale, the man who swears that his habit of eating quantities of British onions every day is the reason why he is still going strong at the age of 105.

The Poulton Patent Cough Cure requires 1 lb of British onions and 6 oz of brown sugar. Slice the onion thinly and layer in a bowl with the brown sugar sprinkled liberally between each layer. Cover and put in a warm place for 24 hours. Take a spoonful of the resulting syrup as required.

It is something to do with the thiosulphates, in which onions are rich. And even if the Poulton remedy fails to work, there is the consolation that it should keep other people away from you long enough to prevent your passing on the germs.

Danger sign

■ Heard in a Birmingham hotel bar: "All I wanted was a washer on a tap, but I knew I was in trouble when the plumber arrived in a shining Mercedes."

OUTLOOK 90

A new phase of development

Hirohiko Okumura looks at the effect of lifestyle changes on the Japanese economy

JAPAN's economy has entered a new phase of development, with transformations taking place in Japanese lifestyles, business activities and the industrial structure.

The view that in the 1990s Japan may see the advent of prosperity comparable to that of the United States during the so-called Golden Sixties has become popular in Japanese business circles.

Recent consumer behaviour points to a shift in emphasis from goods to services, underscored by the fact that the number of people travelling abroad each year will soon reach 10 million. Increasingly diverse consumer needs are reflected in a vast array of goods ranging from daily household products to luxury items.

On the labour front, part-time workers have increased significantly to 17 per cent of the nation's total labour force. It has become common for firms to hire employees in mid-career — formerly a rare occurrence in leading Japanese corporations.

Other factors encouraging sweeping lifestyle changes include the phenomenal rise in the number of working women, the increased use of consumer credit, and a communications revolution that has made possible round-the-clock global financial dealings.

Imports, which have penetrated the local market significantly, have eased tight product supplies and are helping to defuse upward pressure on prices.

In parallel with the changes in lifestyles, the economy is shifting from a concentration on flow variables to stock variables. Japan has realised its post-war goal of increasing per capita GNP to the point where it has surpassed that of the United States by some 10 per cent and the margin is expected to widen to 40 per cent by 1995.

On the stock side of the economy there has been a steady accumulation of financial and tangible assets. According to the Economic Planning Agency report, the outstanding balance of the nation's assets totalled 5,338 trillion yen (£23.03 trillion) at the end of 1987, 15.5 times GNP — almost double the 1970 level of 8.1 times GNP.

Revenues generated from these assets made up about 14 per cent of disposable household income, representing a 2 per cent increase from ten years ago. This phenomenal increase in assets is fuelling consumer spending on high-priced items and giving rise to a wider variety of goods and increased service demand.

In response to this trend, business is accelerating efforts to develop sophisticated products, using advanced technology and superior information gathering power. As they increasingly concentrate on production of high-grade products, Japanese companies have moved offshore the manufacture of items that require less advanced production skills.

Although manufacturing jobs are expected to fall by 19 per cent of the total employment by 1995, the total value created by domestic manufacturing will not decline significantly and the feared "hollowing out" of the economy is likely to be averted.

At present, the Japanese economy is expanding steadily, in line with our medium-term outlook, which forecasts 4.1 per cent average real economic growth through the mid-1990s.

The real economic growth rate is expected to be 5per cent in fiscal 1989 and 4.5 per cent in 1990. Compared with the 6.5 per cent reached in the latter half of fiscal 1988, the current rate of expansion is down as much as 2 per cent. Rates of 4 per cent should be regarded as ideal; however, judging from the growth potential of the Japanese economy, especially in view of the fact that the present pace of growth is supported by private sector capital spending and consumption rather than governmental measures to stimulate it or an expanded external surplus.

A frequent topic of discussion in Japan is how long the current economic expansion will continue. I think it will continue at least through 1990 if yen exchange rates remain stable. Reasons for optimism are very strong corporate profits and the bright medium-term outlook to which most corporate managers can look forward.

A recent survey of 362 major Japanese companies by Nomura Research Institute shows that recurring profits (pre-tax profits after extraordinary items) of all industries except electric power and oil are expected to grow by an average of 14 per cent in the 1989 fiscal year and by 7 per cent in 1990. The ratio of recurring profits to net sales will edge up to 2.7 per cent in 1990, a level close to its peak. Against the backdrop of such a healthy profit performance, capital spending continues to expand, as does real personal income.

Private investment in plant and equipment is expected to increase to 9.5 per cent in the 1990 fiscal year after surging 16.4 per cent in fiscal 1989. As the capacity utilisation ratio is expected to remain high, investment to expand production capacity should remain strong. At the same time, rationalisation and labour-saving investment should be firm in industries plagued by labour shortages. The current investment boom will enter its fourth year, and capital stock in manufacturing industries will increase by 8 per cent.

Imports should grow a firm 10 per cent, after a 14.6 per cent in fiscal 1989, on the force of strong domestic demand

Personal consumption has been recovering from the adverse effect of the consumption tax introduced last April. Against a background of price stability and strong income growth, consumption is expected to grow at an annual rate of 4 per cent in each quarter.

The rate of wage increases in the 1990 fiscal year resulting from the spring tax offensive is expected to rise to 5.8 per cent from 5.2 per cent in 1989. Higher wages reflect rising corporate profits, a tight labour market, and higher inflation resulting from the introduction of the consumption tax. Inflation as measured by the year-on-year increase in CPI is expected to rise from 1.1 per cent in the first quarter of 1989 to 3.1 per cent in 1990's first quarter.

For fiscal 1990 as a whole, personal consumption growth should accelerate to 4.8 per cent from 3.7 per cent in fiscal 1989.

Japan's trade surplus declined to its lowest level in three years from July to September of 1989, and remained flat from October to December, at an annual rate of $70bn (£43.4bn). In the succeeding quarter, January to March 1990, it is likely to begin to expand again. We expect the surplus to amount to $76.8bn in fiscal 1989 and $80.6bn in fiscal 1990.

Imports should grow a firm 10.0 per cent, after a 14.6 per cent rise in fiscal 1989, on the force of strong domestic demand. Exports in dollar terms should increase by 8.5 per cent in fiscal 1990, up from 2.5 per cent in the 1989 fiscal year. In 1990, exchange rates are expected to remain relatively stable so the J-curve effect should diminish.

The current account surplus is expected to be $60.5bn in fiscal 1990, up $2.4bn from fiscal 1989. As a percentage of GNP, the current account will continue to shrink from 2.05 per cent in fiscal 1989 to 1.96 per cent in fiscal 1990. This forecast is based on the assumption that the yen's exchange rate would bottom out at 145 yen to the dollar in the October-December 1989 quarter and turn upward in the January-March 1990 quarter, for a fiscal 1990 average of 138 yen to the dollar. The forecast for the fiscal 1989 average is 141 yen to the dollar.

With the economy remaining strong, inflation will continue to be a major concern. The expansion of production capacity and increased imports of manufactured goods, however, will produce a better balance between supply and demand, and price stability will be maintained. The Wholesale Price Index and Consumer Price Index are expected to edge up 1.6 per cent and 1.8 per cent respectively in fiscal 1990, compared with 3.6 per cent and 2.9 per cent in fiscal 1989.

If there is any uncertainty in the short-term outlook for the Japanese economy, it is the trend of exchange rates. If the yen turns downward due to capital movement, it could push up the inflation rate as well as interest rates, and this may result in an economic setback.

If the yen's value depreciates further than assumed in this forecast, the trade surplus would expand, increasing the risk of a "hard landing" by the dollar. Our prediction is that this risk will be minimised by policy co-ordination among the Group of Seven nations. The Bank of Japan is likely to keep the discount rate at the current level of 4.25 per cent in an effort to prevent the yen from depreciating.

Current political confusion will not have a significant impact on economic management in the immediate future. The shock of the Japan Socialist Party's rapid progress has worn off. The focus is now shifting to the prospect of a Liberal Democratic Party loss in a lower house election, although a major loss in the election is unlikely.

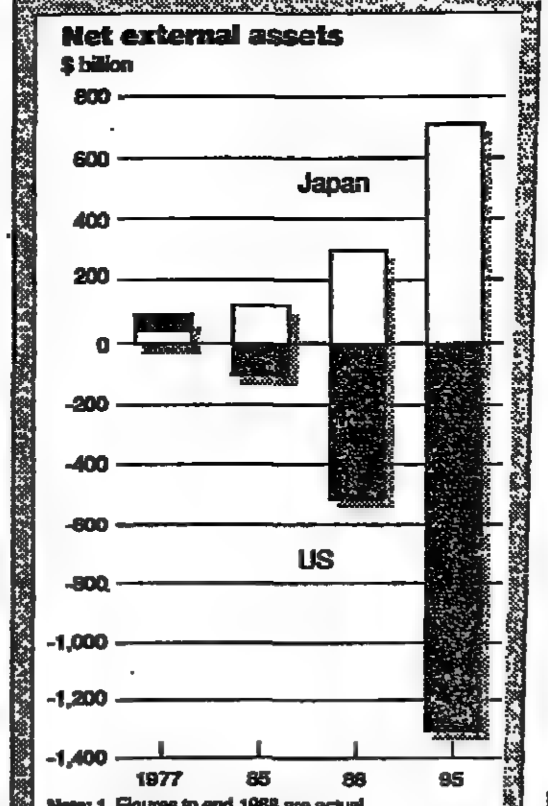
The Japanese economy can expect another year of better balanced and stable growth, with net exports in real terms continuing to decline as a result of the shift toward domestic-demand-led growth.

As Japan extends its global reach, through companies moving into foreign markets and tourists travelling abroad, reducing the price gap between Japan and other countries becomes a crucial issue. The logical step for Japan to take is to reform its highly complex distribution system, thereby lowering the prices of imported goods and expanding imports.

Japan's wholesale and retail industries are massive, employing some eleven million workers, and more streamlined distribution channels would enhance efficiency. In turn this would strengthen the Japanese economy in a way that will not boost exports but instead will stabilise prices and raise the Japanese people's standard of living.

Hirohiko Okumura is director and chief economist of the Nomura Research Institute in Tokyo and a member of the governmental Economic Council.

JAPAN

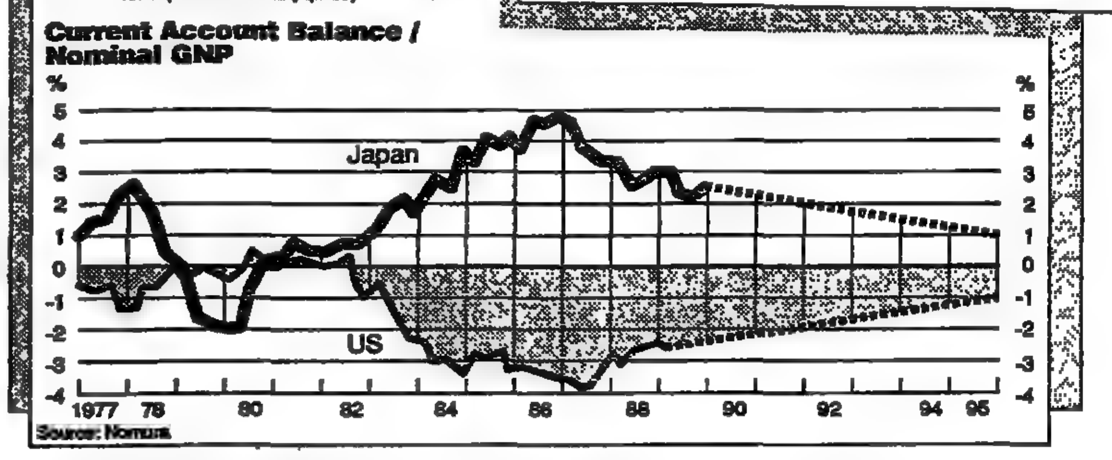


Note: 1. Figures to end 1988 are actual
2. Year-end 1995 figures calculated using Nomura Medium-term Outlook for Japan and World (Apr 89) Source: NRI

Economic outlook for 1990
(year on year %)

	1987	1988	1989 (Projected)	1990 (Projected)
Nominal Gross National Expenditure	5.0	6.0	7.3	6.3
Real Gross National Expenditure	5.4	5.3	5.0	4.5
Private final consumption	4.5	5.0	3.7	4.8
Private residential construction	25.7	5.3	1.2	-1.2
Private investment in new plant and equipment	10.1	17.3	16.4	9.5
Increases in private inventories	64.9	28.5	1.7	5.3
Final government consumption	-0.6	2.2	1.7	2.3
Public fixed capital formation	9.4	1.2	-0.1	2.7
Exports (goods and services)	5.4	10.7	14.8	9.4
Imports (goods and services)	12.4	21.4	20.3	12.6
Contribution to economic growth, by categories of demand				
Domestic demand	6.3	6.8	6.0	5.3
Household sector	3.8	3.1	2.1	2.6
Corporate sector	2.1	3.5	3.6	2.3
Public sector	0.4	0.2	0.3	0.4
Net exports	-0.9	-1.5	-1.0	-0.7
Exports (goods and services)	0.9	1.9	2.7	1.9
Imports (goods and services)	-1.8	-3.4	-3.7	-2.6
Industrial production	5.9	8.8	5.0	5.0
Wholesale prices	-2.0	-0.7	3.6	1.6
Consumer prices	0.5	0.8	2.9	1.6
Trade Balance ($ billion)	94.0	95.3	78.8	80.6
Exports ($ billion)	233.4	267.4	274.1	297.5
Imports ($ billion)	139.4	172.1	197.2	216.9
Current Account ($ billion)	84.5	77.3	58.1	60.5

Note: Due to rounding, growth rates of the components do not necessarily add up to the growth rate of the whole.
Source: NRI.



LETTERS

The basic balance in the UK and Japan

From Ken Livingstone MP.

Sir, Jeremy Hale's letter (December 28) regarding the basic balance of the UK balance of payments unfortunately conceals more than it reveals. Mr Hale argues that we may conclude that the basic balance does not matter because Japan, like Britain, has also run a deficit on the basic balance (current account plus long-term capital) in all but two years since 1978. But in this, as in much else, the issue of quantity is everything.

The average deficit of the Japanese basic balance has been 1.4 per cent of GDP since 1978. In 1989 it ran at 2.5 per cent of GDP. This deterioration led to the recent weakness of the yen and, therefore, the subsequent rise in the Japanese discount rate — an example from Japan itself of a weakening in the basic balance putting upward pressure on interest rates.

The average deficit of the UK basic balance since 1978 has been 3.4 per cent of GDP — a level two-and-a-half times as high as Japan. Furthermore, the situation has recently deteriorated seriously — the deficit for 1988 being 6.3 per cent of GDP. The deficit for the first nine months of 1989 was 10.7 per cent of GDP, or more than four times what it was in Japan.

In short, the deficit in the UK is of a completely different order of magnitude than Japan's. These facts render Mr Hale's central argument invalid.

What is more, the example of Japan itself is that a deteriorating deficit in the basic balance puts upward pressure on interest rates.

The completely higher order of magnitude of the UK deficit in 1988-89 *puts commensurately much greater upward pressure on interest rates.*

The negative consequences for British industry, particularly on investment, of such high interest rates created by the basic balance deficit are evident — a burden from which Japanese industry has not had to suffer and which is undoubtedly a factor contributing to its much greater success.

Ken Livingstone,
House of Commons,
Westminster

Road rules

From Mr Alan Wheeler.

Sir, Mr Randall (Letters, December 21) calls for a better transport system and local authority enforcement of parking provisions. I agree with him in large measure, but bad driving is also a big cause of traffic congestion.

We have become a sloppy and selfish society in which vehicle owners believe they may park where they please. Yellow line restrictions are universally ignored; double-parking is commonplace; pavements and bus stops are regarded as natural havens for vans, cars and lorries. Driver behaviour fluctuates from the suicidally aggressive to the terrified in nose-to-tail lines of imminent cardiac arrest.

The Morris Minor drivers among us face a dashboard of two switches, unvaried for the past 40 years or so. There must be sympathy for drivers of modern mass-produced boxes, presented with a dazzling array of fixtures and fittings and uncertain whether the ninth touch pad from the right operates the TV satellite aerial or the side-lights. Perhaps this accounts for drivers who do not signal their intention to turn, or who fail to use lights in bad weather.

Driving tutors bear considerable responsibility to teach their students considerate driving behaviour. Test examiners might usefully review the criteria for passing. But enforcement of the Road Traffic Acts is a task best done by the uniformed police supported by adequate manning and powers to fine on the spot.

Alan Wheeler,
8 Heathview,
Gordon House Road, NW15

Information and insurance in the new City

From Mr Alan Benjamin.

Sir, David Lascelles raises real issues in "Questions over the City's future" (FT, December 22). I wish only to make two points — one critical to the City's future, the other an observation.

The point excluded from Mr Lascelles's analysis is that the City faces an internal threat which itself contributes to the external threats he examines. This is the crucial need for competence in information technology in every job in the future City. From support staff to senior managers, everyone will need to become competent in information handling if the City is to meet the global competition which itself will use information technology relentlessly to win prominence and attract the financial transactions — the source of the City's wealth.

Thus, the need for investment in education and training for information technology is the highest need of all in London.

I also observe sceptically that those who have no plans to leave London at the moment, would do so without hesitation if it were shown that greater profits were available in Paris, Frankfurt or Amsterdam. They will stay if the skills in London make it the most profitable centre from which to operate. Ergo, educate and train.

Alan Benjamin,
9 The Chequers,
West End Lane,
Pinner

Sir, David Lascelles failed to mention the insurance industry. Since the Bank of England's own examination of London's position also treated insurance in a remarkably superficial manner, Mr Lascelles's omission may not be surprising; however, it is worth pointing out that the insurance industry contributed in excess of 50 per cent of the total City invisible earnings in 1988, compared to only 13 per cent for banking.

With the aggressive growth of continental insurance markets, a lack of awareness of the value to the UK of our existing business is dangerous.

A particular example of the problems facing the UK non-life insurance industry may be found in the attempt by the Inland Revenue to tax reserves on a discounted basis.

This misguided approach on top of a comparatively harsh existing tax basis, if successful, would place our industry at a severe disadvantage compared to continental insurers.

A.B. Wyand,
CU Assurance,
PO Box 420,
St Helen's,
1 Undershaft, EC3

Humans' wholesome relationship to animals

From Mr Bob Cooper.

Sir, In criticising humans' treatment of animals, Michael Prowse (Lombard, December 22) assumes the role of God. Farm animals are unable to speak for themselves, therefore they are to be banished from the face of the earth. That is the only logical consequence of universal vegetarianism. Mr Prowse would deny the animals their right to life.

I spent 40 years of my life farming and was in daily communion with farm animals. A *sine qua non* of livestock farming is that it is not sufficient to survive. Farm animals must thrive. The criteria required are excellent health, appropriate housing or grazing and an abundance of suitable feed and water. Farm animals, unlike human beings, do not live to old age and lonely decrepitude or suffer painful, crippling diseases for years. Death when it comes is as sudden and as human as strict regulations can make it.

The world has only very limited areas suitable for the continuous production of crops for human consumption. On a much larger area ruminant animals can convert the herbage into milk, meat, wool and leather. One can only speculate as to what would become of these areas without man to organise a system of pastoral production.

Man in his earliest days was like the other animals — a collector of seeds and other vegetable matter and a predator. Gradually he learned to sow and to harvest. Eventually he domesticated some of the animals he had formerly hunted. I have always understood that these fundamental changes in our condition were steps on the road to civilisation.

Bob Cooper,
Orchard Cottage,
Prizet,
Kendal,
Cumbria

FINANCIAL TIMES
Wednesday January 3 1990

US LABOUR RELATIONS

Miners' settlement may herald new era

By Lionel Barber in Washington

MR WILLIAM USERY Jr. the Federal mediator who negotiated this week's tentative agreement ending the nine-month-long Pittston miners strike, stared into the TV cameras and declared: "Truly, this is a victory for collective bargaining."

These are words rarely heard in Washington, particularly during Republican administrations. But it was New Year's Day 1990 at the Labour Department; and Mr Usery seemed anxious to signal an end to the abrasive 1980s, the decade which opened with former President Ronald Reagan's decision to fire the air-traffic controllers.

Symbolism aside, the outline deal between the United Mine Workers Union and Pittston Company could have wide-spread implications for the coal industry. It seems certain, too, to fuel the debate over health and retirement benefits which are increasingly poisoning the relations between management and labour in the US.

The terms of the deal will remain secret until strikers at Pittston's mines in Virginia, West Virginia and Kentucky can vote on the accord, probably in eight to 10 days time. Yet it seems clear that Pittston has achieved one of its most important objectives: a break from an industry-wide contract with the once-mighty coal miners' union.

Some observers believe this could mark the beginning of the end of national contract negotiations in the coal fields. If so, it would confirm a trend in other mature industries such as steel where major employers have bolted from industry-wide agreements and forced unions to negotiate separate deals according to the financial state of individual companies.

The present arrangements in the coal industry go back to 1950, when companies agreed to provide full health and retirement benefits for miners with 20 years service and their dependents. In return, management secured the freedom to mechanise the industry, with subsequent heavy job losses.

It was Pittston's decision to abrogate the 40-year-old industry-wide pact which lay at the heart of the dispute. Pittston *argued that the costs of contributing* to the benefit funds was hurting its ability to compete overseas. It pulled out of the coal operators association negotiations and left other companies to pay for former Pittston employees covered by the funds (one of which is $50m in the red because there are too few working miners to support benefits for retired union members).


Dole: appointed commission

Under the tentative agreement, it seems that the union *has successfully pressed* for Pittston to continue full health care benefits for active miners, forcing the company to drop its plan for a shared-cost plan with the union. At the same time, however, Pittston management appears to have limited its commitment to fund retiree benefits.

Here, the Federal government may have a role to play. On Monday, coinciding with the announcement of a settlement, Mrs Elizabeth Dole, Labour Secretary, said a commission would be appointed to examine how to help the coal industry fund the rising cost of *health care for active and* retired miners. "This issue is larger than this particular dispute," she said, "and I am committed to addressing it."

Health care costs in the US in the 1980s rose by more than twice the rate of inflation, and the soaring costs are forcing employers to take a second look at their obligations. Many argue that some of the health care is unnecessary and point out that it is driving up the price of American products.

Chrysler, the US motor giant, calculates that health benefits account for about $700 of the price of every car that it makes in the US. But they account for only $220 of the price of each car that the company makes in Canada. One reason is that part of the burden of the benefits is carried by general taxes in Canada – something which still anathema in the US.

The Bush Administration is considering the idea of taxing employer payments for workers' health insurance premiums as income, but only if they exceed a fairly high amount.

The proposal is part of a general review of the health system, and could find its way into President Bush's budget to be presented to Congress later this month. If it does, labour is bound to object, underlining that health care is bound to be a divisive political issue this year.

Panama invasion damage 'cost $2bn'

By Tim Coone in Panama City

Mr Lawrence Eagleburger, US Deputy Secretary of State, set off for Panama yesterday to hold talks with the Endara government on a new US aid package, Lionel Barber reports from Washington. He will be the most senior US official to visit Panama since the US invasion last month, and was set to discuss the status of General Manuel Noriega and the lifting of US economic sanctions, imposed in 1988 during the US effort to topple him.

LOSSES and damage from looting in Panama are unofficially estimated as high as $2bn, following the US invasion last month. This would be equivalent to almost half Panama's annual GDP.

The estimate was given by Mr Roberto Maduro, President of Panama's Chamber of Commerce, in an interview published by the local newspaper El Siglo. He said the losses were greatest in Panama City and Colón, the country's two main cities, at either end of the Panama Canal.

The Colón Free Trade Zone, a big international distribution centre for Central and South America and the Caribbean was not so badly affected, however, losses reaching only "a few hundred million dollars."

Most of the looting took place in the first three days after the invasion as Panamanian law enforcement collapsed and as the US troops failed to deploy quickly in the city streets. In the main shopping centres, practically all the commercial establishments were ransacked.

No official estimate has yet been produced on the cost and damages caused by the invasion, as government offices have only just started functioning again under the new US-backed administration of President Guillermo Endara.

The first withdrawals of the US invasion forces began yesterday, as a field artillery unit of some 300 troops was airlifted back to the US. This was a heavy support unit to the 24,000-strong invasion force.

With all organised resistance of the Panamanian Defence Forces (PDF) seemingly finished, further withdrawals of units can be expected in the coming week.

However, senior US military officers are unwilling to specify a timetable for the withdrawal of the main invasion force. It is thought this could take several months at least, to allow time for a new local police force to be established and trained.

Sniping incidents continue and US troop casualties are still to trickling in to the main US military hospital in Panama.

The impasse over the future of General Manuel Noriega, Panama's deposed military leader, continues. He took refuge in the Vatican Embassy in Panama City on December 24. Yesterday, a diplomat arrived from the Vatican.

Panama's new attorney-general said on Monday that Gen Noriega might face murder charges if handed over to the Panamanian Government. Mr Endara, however, argues it would be better if Gen Noriega faced trial first in the US, where he is wanted on drugs-trafficking charges.

The Government has frozen all Gen Noriega's assets in Panama, a measure which the US is also trying to achieve elsewhere in the world.

● President Bush yesterday appointed Mr Deane Hinton to be the US ambassador to Panama, replacing Mr Arthur Davis.

Mr Hinton, 66, a career foreign service officer was Mr Bush's envoy to Costa Rica.

Separately the Vatican sent a Latin American expert to help its nuncio in Panama seek a solution to the crisis.

Monsignor Giacinto Berloco arrived in Panama to help nuncio Archbishop Jose Sebastian Laboa try to end the diplomatic dispute that began when the former Panamanian leader took refuge in the Vatican embassy on December 24.

Panama's Archbishop Marcos McGrath, who has been close to the negotiations over Gen Noriega, said on Monday that the general could not seek political asylum because he had to answer criminal charges.


Ruggiero: awaiting approval

Italy to end some foreign exchange restrictions

By John Wyles in Rome

ITALY'S steady march towards the full liberalisation of capital movements should take a further step forward by the end of the month with the abolition of some restrictions on domestic foreign currency accounts.

Mr Renato Ruggiero, Foreign Trade Minister, is awaiting only the Treasury's final approval for a proposal which will cancel the obligation to surrender to Italy's Foreign Exchange Office within 120 days currencies earned from exporting goods and services. A similar restriction will remain, however, on currencies acquired domestically for payment abroad.

A spokesman for the Foreign Trade Ministry said around L2,000bn ($1.5bn) in foreign exchange held by residents is affected. The decision to relax part of the state monopoly on foreign exchange was "only a small step" in the process of *Italy's foreign exchange liberalisation.*

The Government intended to lift the remaining foreign exchange restrictions "bit by bit rather than all at once...to avoid a shock effect", a complete liberalisation might have.

The relaxation will leave Italy with little more to do to honour the EC's July 1 deadline for removing all restrictions on capital movements. The two most important curbs still outstanding prohibit the opening by residents of bank accounts abroad and the purchase of foreign securities with a maturity of less than 180 days.

The steady liberalisation which began in October 1987 has not yet brought any notable instability to Italy's balance of payments position. The authorities are not disposed to see any long term trend in November's record payments deficit of L4,578bn ($3.3bn). This is seen as partially reflecting a high monthly trade deficit approaching L2,000bn, as well as repayment of a yen loan worth more than L750bn. Gold and foreign currency reserves fell in November by more than L3,000bn to L93,390bn.

UK will avoid recession say forecasters

By Patrick Harverson, Economics Staff, in London

The pound rose sharply against the D-Mark yesterday, closing in London 2.75 pfennigs higher at DM2.7550, but little changed against the dollar at $1.6120. On the Bank of England's trade-weighted sterling index (1985=100), the pound closed 0.8 higher at 86.8. The recovery in sterling was due mainly to a switch out of D-Marks to dollars. Details, Page 30

THE BRITISH economy will return to steady growth in 1991 after avoiding recession this year, according to a Financial Times survey of 22 independent forecasting groups.

The survey supports the relatively upbeat assessment of the economic outlook given by Mr John Major, the Chancellor of the Exchequer, in his interview with the FT yesterday.

The findings indicate that the Government's *policy of* high interest rates will dampen economic expansion this year, with consumer spending and investment virtually stagnating, but picking up in 1991.

In aggregate, the survey is broadly in line with the Treasury's forecast produced for *the Autumn Statement in* November, but is slightly more optimistic about growth, inflation, and exports.

This year, gross domestic *product is expected to grow by* 1.4 per cent, against the Treasury's 1.25 per cent forecast. In 1991, growth will accelerate to 2.4 per cent, says the survey.

Interest rates are expected to ease from the current level of 15 per cent to 13 per cent by the end of this year. In 1991, analysts *expect interest rates* to fall to 11 per cent.

The 22 analysts surveyed, which include the City of London, academic and international institutions, expect inflation to decline from the current level of 7.7 per cent to 5.5 per cent by the end of this year – a slightly better improvement than forecast by the Treasury.

In 1991, the forecasters predict a further but less marked *improvement in inflation.* The annual growth in the retail prices index is expected to be 4.8 per cent by the end of next year.

The current account trade deficit is expected to narrow from more than £20bn last year to £15bn in 1990 and £12.5bn in 1991. This year the volume of exports is forecast to grow by 7.5 per cent, while imports are predicted to grow by 1.4 per cent.

Unemployment is expected to rise slightly this year from 1.65m to 1.7m. In 1991 the level of unemployment is forecast to remain unchanged.

The forecasters expect virtually zero growth in investment this year, followed by a modest recovery in 1991.

Details, Page 6

Argentina acts to curb hyperinflation

Continued from Page 1

and his Peronist Government already appears to be running out of steam and losing much of its initial widespread popularity.

Mr Gonzalez took over from a highly regarded businessman, Mr Nestor Rapanelli in mid December, after Mr Rapanelli's policies had also failed to curb the exchange rate collapse and the threat of hyper-inflation.

Last year's stabilisation measures have been embarked upon with varying degrees of success but are unlikely to have substantial effects for many months to come.

Also, wage pressure from a trade union movement disillu*sioned with President Menem's* non traditional, capitalist brand of Peronism struck at the heart of the first emergency programme last year and could well jeopardise the latest measures.

The new round of emergency measures go some way towards a solution, but carry with them a political cost.

Apart from likely trade union opposition, there is likely to be a more general grievance against the suspension of what was for many Argentinians their last remaining hedge against inflation – the short-term fixed deposit system.

More seriously, by late November the increasingly artificial exchange rate had given way to an active black market and the official exchange rate collapsed in early December.

With the demise of last year's stabilisation plan, President Menem's Economy Ministry team, led by Mr Rapanelli, formerly vice president of Argentina's largest multi national firm, Bunge y Born, found itself increasingly isloated and attacked by traditional Peronist factors.

Mr Rapanelli was replaced by Mr Gonzalez, Menem's trusted ally from the president's days of goveror of the province of La Rioja. Many observers believed the new minister lacked the political authority and stature to take strong steps but his new year package has shown that he does not lack boldness.

President Menem and most of Argentina's economists are agreed on what is needed to save the nation's economy: the elimination of the vast public deficits through tax reform and reduced state spending which would remove the underlying causes of inflation.

Yet, the implementation of such a scheme must overcome vested interests among companies supplying state firms, traditionally protected private business sectors and, especially, the trade unions.

However, the President's ability to face down the unions weakens as each successive economic plan collapses and he is driven ever closer into the *arms of the Peronist Party.*

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	12	[illegible]	Dubrovnik	S	11	52	Malta	S	15	59	Rhodes	R	13	55
Algiers	F	14	57	Edinburgh	C	3	37	Manchester	R	6	43	Rio de Jo	C	32	90
Amsterdam	C	2	36	Faro	C	15	59	Manila	F	31	88	Rome	S	11	52
Athens	C	9	48	[illegible]	S	7	45	Melbourne	[illegible]	22	72	Salzburg	S	-1	30
Bahrain	S	21	70	Frankfurt	Sn	-2	28	Mexico City	F	24	75	San Francisco	F	6	[illegible]
Bangkok	F	32	90	Funchal	F	18	64	Miami	C	20	68	Seoul	F	-1	30
Barcelona	S	12	54	Geneva	C	2	36	Milan	Fg	[illegible]	28	Singapore	–	–	–
Beirut	–	–	–	Gibraltar	C	16	61	Montreal	Sn	-7	19	Stockholm	Dr	-5	23
Belfast	S	7	45	Glasgow	R	[illegible]	39	Moscow	Sn	-5	23	Strasbourg	C	-3	27
Belgrade	C	-1	30	Guernsey	F	8	46	Munich	S	1	34	Sydney	F	22	72
Berlin	Sn	-1	30	Helsinki	C	-5	23	Nairobi	–	–	–	Taipei	R	18	64
Biarritz	S	11	52	H. Kong	C	17	63	Naples	[illegible]	10	50	Tangier	F	16	61
Bombay	S	28	82	Innsbruck	S	-2	28	Nassau	C	30	86	Tel Aviv	F	21	70
Bordeaux	Fg	4	39	Inverness	F	0	32	New Delhi	Fg	9	48	Tenerife	S	20	68
Brussels	[illegible]	3	37	Islamabad	F	16	61	New York	S	0	32	Tokyo	S	9	48
Budapest	Sn	-1	30	Istanbul	C	5	[illegible]	Nice	S	10	50	Toronto	C	[illegible]	25
B Aires	C	24	75	Jakarta	R	30	86	Nicosia	F	17	63	Tunis	–	–	–
Cairo	C	22	72	Jersey	F	7	45	Oporto	F	[illegible]	48	Valencia	S	16	61
Cape Town	S	21	70	Jo'burg	F	26	79	Oslo	[illegible]	-6	21	Venice	[illegible]	3	37
Caracas	C	25	77	Lima	C	25	77	Paris	Fg	2	36	Vienna	[illegible]	0	[illegible]
Casablanca	S	19	66	Lisbon	C	11	52	Peking	S	1	34	Warsaw	[illegible]	-2	28
Chicago	S	-3	27	London	F	8	46	Prague	C	-1	30	Washington	S	-2	28
Cologne	C	1	34	Los Angeles	R	11	52	Reykjavik	[illegible]	-2	28	Zurich	[illegible]	-3	27
Copenhagen	Sn	-1	30	Luxembourg	Fg	-2	29								
Corfu	F	14	57	Madrid	C	7	45								
Dallas	C	7	45	Majorca	F	16	61								
Dublin	S	10	50	Malaga	F	15	59								

Readings at mid-day yesterday

C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Vatican to woo taxpayers

Continued from Page 1

the allocation for religious and other purposes of 0.008 per cent of annual income tax revenue from fiscal 1990.

This is by *no* means a guaranteed gift because the Italian Church will be competing with other potential beneficiaries. Each taxpayer will be allowed to express a preference on his or her tax return for allocating tax revenues to welfare works administered by the state, or to the Roman Catholic Church, or to *the two non-conformist* confessions, the Adventist Church and the Assemblies of God. Allocations will then be made in proportion to the preferences expressed.

The Church is predictably coy about its actual require*ments but senior bishops have* been contentedly predicting a 50-60 per cent share of the tax pool. This could yield L400bn-L500bn on anticipated 1990 tax revenues. The Church's confidence is thought to be based on some private polls which have produced very different findings from one conducted for a newspaper in 1986 which revealed that only 14.7 per cent of taxpayers would give it preference.

In the meantime, the faithful have been slow to embrace the tax deductible facility which was available for their *1989 incomes. Partial returns* suggest that after a mid-October appeal from every pulpit in the nation, only 50,000 people had despatched a total of about L8bn to the Church's treasury by mid-December.

The problem is that while Italian Roman Catholics will give generously to the priest or bishop they know, they may be more wary of sending funds to an anonymous piece of ecclesiastical bureaucracy.

THE LEX COLUMN

When small is not beautiful

There is no doubt that 1989 was an exceptionally good year for equity investors on both sides of the Atlantic. Merrill Lynch estimates that Wall Street had its fourth best year in as many decades, and better returns were only achieved in 1954,1958 and 1975. Meanwhile, WM Company says that the total returns of 29 per cent for the average *UK* pension fund was the highest of the decade. But one area of the stock market did not prosper. Small companies were no longer the stock market darlings, and one has to go back a very long way to find a similar period of such massive underperformance.

Dimensional, which manages a passive fund investing in smaller US companies, says that its total 1989 return of 9.07 per cent compares with a return of 30.4 per cent for the S&P 500. Although small US companies have been miserable investments for several years, 1989 was the second worst year for underperformance. In the UK, it is expected that the returns on Hoare Govett's smaller companies index will show a similar sort of underperformance, and those fund managers who thought that the above average long-term growth of smaller companies provided a sure way of achieving better than average performance have had a rude awakening.

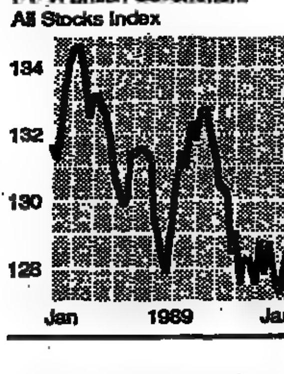
In the UK, at least, the hope is that it is no more than atemporary swing out of favour. After all, there have only been a couple of years since 1976 when small companies have failed to outperform the market. As a group they tend to be more vulnerable to an economic downturn than big companies, which often have a cushion of overseas earnings and cheaper borrowings, and their performance looks especially poor in 1989 because so many big companies were rerated on the back of takeover speculation. However, it would be dangerous to assume that just because the sector has performed so miserably, it must do better this year. US experience shows how unpredictable the returns on small company investing can be, and the same goes for investment fashions.

Lovell/Higgs

A cynic would say no defence document worth the name fails to contain at least one item of unmitigated optimism. Higgs and Hill's profit forecast and asset valuation, in riposte to the £137m bid from fellow contractor Y.J. Lovell, smacks a little of this syndrome; the optimistic element is the £29m price Higgs puts on four unnamed projects yet to get planning permission. The hitch for Lovell is that even if one forgets that £29m, Higgs still appears to be worth much more like £5 per share than the *£4.05 which Lovell is currently* offering.

Take just Higgs's £184m of property and housing assets, and add in its construction business on a conservative multiple of say six times 1989's earnings, and anything below £4.90 looks an unattractive deal for Higgs's shareholders. Lovell will presumably raise its bid this week, and yesterday's 6p rise in Higgs's shares to £4.61 suggests the market is convinced of it; but that raises the other question, of just how well-served Lovell's own shareholders will be.

Six weeks into the bid, Lovell has still not made an entirely fool-proof case for the industrial logic of the union; its best ammunition remains the support for the bid from Higgs's own former deputy-chairman. What is more, Lovell's share price has substantially underperformed other contracting and construction stocks in the 43 days since it launched the bid. You do not need to be a fanatical devotee of efficient market theory to see that as a good indicator that winning a battle for Higgs might be a Pyrrhic victory.



UK gilts

After a dismal year for gilt investors in 1989, there is a plausible case to be made for buying fixed interest securities in 1990. The economy is slowing, the budget is still in surplus and interest rates appear to be on a downwards course. But the argument only really applies to the short end of the market. The yield curve has been stubbornly inverted and it is hard to see much scope for long yields to fall below current levels of 9.8 per cent. Indeed the reverse seems more likely.

Equity bulls are relying on a 1990 slowdown to be followed by a pre-election boom in 1991. But a surge in public spending could prompt the end of the *official repurchase programme,* already curtailed by the marginal shift in favour of over-funding. And reflation in early 1991, welcome as it may be to Tory backbenchers, will be a risk at a time when even the Government expects inflation still to be around 5.75 per cent. Such prospects will particularly deter investors at the long end of the market, especially if a Labour election victory begins to seem a real possibility.

Sterling's weakness against the D-mark in 1989 did little to encourage overseas investors to buy gilts. But after its recent sharp devaluation, some analysts think it might be oversold. If it recovers in the first quarter, the Chancellor could afford to let base rates slip at Budget time, provided the news on inflation and the balance of payments is good. That, and the potential for another *base rate cut* in the autumn, should allow the yield curve to flatten at last.

Business rates

Do not shed too many tears for the salons of London's *South Molton Street*, for the Al-Fayeds, or indeed for anyone else, as they scrimp and save to pay their new business rates. True, the first revaluation of English and Welsh commercial property since 1973 has multiplied many South Molton Street rateable values by 40 or *50 times; and some believe* M&S's Marble Arch store could be looking at a near-quadrupling of its rates bill to more than £6m in the next five years. But the Government is right to keep pointing out that overall the new system is merely redistributive, and in any case revaluation was long overdue in yuppified zones of London in particular.

The Government must though try to ensure swift handling of the likely torrent of valuation appeals from companies. There are still 7,000 valuation appeals outstanding in the City of London alone from the 1973 system; and it is disturbing that some observers reckon appeal proceedings on the new values may not be fully under way until mid-1991.

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INSIDE

Man in a hurry looks for a big deal

What chance does a late starter have in the ferociously competitive European advertising industry? Mr Jean-Claude Boulet, who founded Boulet Dru Dupuy Petit (BDDP), the French advertising agency, only five years ago, is now striving to turn it into an international force. He has staged a series of small, strategic acquisitions to form the framework of an advertising network in Europe, but the really big deal he needs has eluded him. Most of the established networks have already been snapped up by the US and UK marketing groups. "Really our network should already exist," says Mr Boulet. "But it does not. We have to build it as fast as we can." Page 14

Spinning the wheel of fortune

At a Stanley Leisure casino the average amount wagered by a client is about £100 per visit. The Stanley Organisation itself has come to the table to wager a less paltry sum. Stanley is staking up to £10.75m in cash on the development of its gaming business by acquiring Leading Leisure's provincial casino division. The purchase, giving Stanley control of eight casinos to add to the nine it already owns, will turn the group into Britain's third largest casino operator, behind Mecca Leisure and Stakis. Page 20

If I only had a brain

Some things are worth waiting for — the Royal Navy thinks so and is prepared to wait until 1993 for a new "brain" for its latest frigates. Like existing designs, the new control and command system being developed jointly by the Dowty group and the Anglo-French systems company Sema, will process and display data from the ship's sensors and manage the deployment of weapons and the ship itself. However, its design, based on a network of 260 connected processors instead of a single central computer, is a radical shift for military computing. The new system, when it comes, should give the Navy the most advanced command system of its type in the world. In the meantime, new frigates putting to sea without it will be limited to normal peace-time patrolling tasks. Page 21

Mourning the good old days

For US brokerage houses the 1980s ended as they started, with intense competition still calling into question the viability of basic market activities. The only thing that has changed as they enter the 1990s is that they are no longer alone. London's stockbrokers, which witnessed the deregulation of their market in 1986, now have a valid claim to being worse off than their counterparts elsewhere in the world. The picture may look bleak, but securities firms have in the past managed to find lucrative activities to make the business worthwhile — the fixed-income markets from the 1970s, for instance, or the junk bond extravaganza of the 1980s. However, Richard Waters finds that markets like New York and London are unlikely ever to return to the good old days. Page 18

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Bayer-Hypo	439	+	18
Dresdner Bk	450.5	+	14.5
Linde	888	+	10
Veba	392	+	10
Falls			
Mannheimer Vers	945	-	45
Rosenthal	353	-	12
NEW YORK ($)			
Rises			
Digital Equip.	83½	+	1¾
Dupont	123⅝	+	⅝
IBM	98⅞	+	2¾
Toys 'R' Us	37¾	+	2
Falls			
Campbell Soup	55⅛	-	3¼
Johnson & John.	58⅛	-	⅜
PARIS (FFr)			
Rises			
Beghin-Say	726	+	15
Interbanque	800	+	74
Falls			
Ciments	615	-	14
Fonciere Lyonn	685	-	27
Promodes	4200	-	220
Sacos	671	-	19
TOKYO (Yen)			
Rises			
Citizen	1630	+	150
Ebara	1300	+	120
Kanda Tsushin	1250	+	130
Kyowa Cable	2230	+	280
Tomoegawa Paper	1050	+	107
Falls			
Nichireki	2000	-	150

New York prices as at 12.30pm.

LONDON (Pence)			
Rises			
Body Shop Int	604	+	17
BH Borneo	765	+	40
Brit Gas	243	+	8
Brit Steel	137½	+	3½
De La Rue	306	+	5
Eurotunnel	533	+	28
EXCo	446	+	5
Grand Met	540	+	12
Lucas Inds	665	+	20
Marks & Spencer	204	+	3½
P & O Defd	650	+	18
RMC	714	+	20
Ratners	268	+	5
Ross Grp	150	+	35
Saatchi	237	+	18
Trafalgar Hse	348	+	9
Falls			
BOC	558	-	1
Brit Aerospace	604	-	1
Land Secs	533	-	4
Maxwell Comms	225	-	4
MEPC	533	-	4
Sainsbury (J)	265	-	3
Vickers	206	-	5

Bell Resources steps into Bond court case

By Bruce Jacques in Sydney

BELL RESOURCES, the struggling Australian investment group, yesterday made a surprise intervention into a court case to decide the fate of Bond Corporation Holdings, its parent.

Counsel for Bell told the Victoria Supreme Court in Melbourne that the company's claim over the assets of Bond Brewing Holdings had priority over the bank syndicate which put the brewing unit into receivership last Friday.

The court is hearing an application by Bond Corporation, Mr Alan Bond's Perth-based beer and media conglomerate, to have the receivership order rescinded. The hearing follows a failed attempt on Saturday by Bond interests to have the West Australia Supreme Court set aside appointment of receivers to the brewing unit.

The Victoria hearing was yesterday adjourned until today, leaving Bond Brewing still technically in receivership, owing A$740m (US$583m) to a syndicate led by National Australia Bank. The syndicate succeeded in having receivers appointed just hours after Bond Corp had announced a new plan to sell its brewing interests to Bell for about A$2bn.

Counsel for Bell said the company had entered into a contract last Thursday to purchase the brewing interests from Bond Corp, and this meant Bell had higher priority than the banks which were unsecured creditors.

In other submissions to the hearing yesterday, counsel for Bond Corp foreshadowed an application to have the hearing moved to Perth. Earlier, a Bond statement warned that if the brewing receivership was allowed to stand, it could trigger a series of claims by creditors which could lead to the collapse of the entire Bond empire.

The Bond statement also noted that, even though the application to the Perth Supreme Court had failed, the judge had said a serious and substantial injustice had occurred in the manner of the receiver's appointment.

The judge had noted that evidence of the potentially serious consequences of the receivership was not disclosed by the banks' representatives and that Bond companies were not given the opportunity to be represented.

The Victoria Court was also told yesterday that a Bond Corp director, Mr Peter Mitchell, planned to fly to New York to meet US creditors of Bond's brewing interests.

Bond Brewing was due to make an interest payment of A$52m to US creditors on December 31, but the payment was prevented by Friday's receivership order. It has been speculated that US investors could launch separate legal action against Bond over the payments which could involve the company's US-based Heileman brewing assets.

Shares in Bond Corp and Bell Resources remained suspended on Australian stock exchanges yesterday, but shares in companies with exposure to the Bond group were marked back against the market's general tone.

These included Adelaide Steamship, down 22 cents to $A6.06, and FAI Insurances, off 2 cents to $A2.80.

Shares in Bell Group fell sharply, by 11 cents to stand at 25 cents, but Bond Media shares were steady at 11 cents.

Alan Harper

Andrew Knight: given broad authority over not just business development but also editorial fortunes

Adventurer who preaches simple message of survival

Raymond Snoddy talks to ex-Daily Telegraph chief Andrew Knight about his move to News International

The announcement yesterday that Mr Andrew Knight, former chief executive of the Daily Telegraph group, will become executive chairman of News International in March marks an important stage in the development of Mr Rupert Murdoch's News Corporation.

By giving Mr Knight, editor of The Economist magazine for nearly 11 years, control of five British national newspapers and the four satellite channels of Sky Television, Mr Murdoch is tacitly recognising that his media empire on three continents is now too large for any one man, however energetic, to run.

For it is clear that Mr Knight, a key member of the small team that brought the Daily Telegraph, by far Britain's largest selling daily broadsheet newspaper, back from the edge of bankruptcy, has been given broad authority over not just News International's business development but also its editorial fortunes.

After the "tremendous adventure" of working with Mr Conrad Black, the Canadian who controls 80 per cent of the Daily Telegraph group and is clearly a newspaper tycoon in the making, Mr Knight is moving to one of the world's most influential established publishers.

"Here [at News International] you have a superbly run organisation controlled by, I would argue, the greatest newspaper publisher in the world, who has so many balls in the air that he wants — and I think it is a very healthy thing — someone to catch some of them for him," says Mr Knight, who has just turned 50.

News International's new chairman is reluctant to talk too much about his job in advance, yet he drops significant clues on his priorities and what the general approach is likely to be.

"At the Economist we tripled the circulation through the practice of quality," says Mr Knight, who believes that only the best newspapers will ultimately survive the increasing competition against a background of decline in overall circulation.

"Newspapers are fascinating. Rather like oil wells, they are a depleting reserve but nevertheless they are tremendous generators of cash and profitability if run properly. Above all, the survivors do well," says Mr Knight.

At the Daily Telegraph, Mr Knight believes his main achievement was getting costs on to a realistic basis and instilling into management the simple message that they had to see themselves as survivors.

He is also aware that the issue of newspaper standards "is in the air", but does not believe that Mr Murdoch's popular newspapers should be seen as problems.

"The Sun and the News of the World are resoundingly successful newspapers," says Mr Knight. He also has little time for the conventional wisdom that The Times has gone down-market in recent years and ceded its role as the newspaper of the establishment, or at least its younger members, to The Independent.

"You hear a lot of wild things said which don't really measure up to what you see as a newspaperman in the newspaper. Circulation has actually weathered The Independent very well and at the Telegraph we always took The Times very seriously," Mr Knight says.

He goes to Wapping, Mr Murdoch's UK printing and publishing headquarters, at a difficult time financially for News International because of its investment in satellite television and a programme of installing colour presses and the latest inserting equipment this year.

Mr Robert Maxwell's rival Mirror Group Newspapers has already completed the transition to colour printing. He has made it clear he will try to take maximum advantage in 1990 of Mr Murdoch's delay in following suit.

The pressure has already begun to show in News International's balance sheet. Pre-tax profits for the year to June 30 1989 fell from £88.2m ($141m) in 1988 to £20.8m and that figure did not include the first £75m of the investment in Sky to be written off over five years. Losses for Sky's first full year on the air are likely to be considerably more than £100m.

Mr Knight has no need to take on the Wapping job — or indeed to ever work again. He left the Telegraph with shares worth £14.5m. The options were agreed at the beginning of his working relationship with Mr Black when "we both used to reckon we were going to make everything or lose everything".

But he says he is not the sort to retire and lie on a beach. He has one house, a modest Japanese car and does not collect anything — and he insists that his new wealth is not going to change that.

Mr Knight decided to leave the Telegraph because Mr Black was moving his base to London and would inevitably become more actively involved in the day-to-day running of the business.

He blames his decision to leave, and the period of divided authority that resulted, for the difficulties that flowed from the policy of combining many of the journalistic departments on the Daily and Sunday Telegraph — a policy that angered many Sunday Telegraph journalists.

"A thing this important needs to have one person who can see his vision through and has untrammelled power to do so."

But he argues that the Sunday Telegraph, as the only British national Sunday newspaper with a circulation lower than its daily associate, has benefited from being able to call, for example, on the daily's foreign and sports staff.

Apart from some reservations about the way the editorial reorganisation was implemented, there is also some disquiet among senior Telegraph executives that he should be moving so soon to a direct rival.

It is not an argument that troubles Mr Knight. "I can't think of a single thing they are going to do which would be remotely valuable for Wapping to know about," he says firmly.

While Mr Black's move to London persuaded Mr Knight it was time to go, it was Mr Murdoch's desire to be there less that convinced him there was a top job to do at Wapping.

And Mr Knight, who believes that newspapers are best run by proprietors, is adamant about one thing. "If Rupert Murdoch, for any personal or professional reason, wanted to do what Conrad Black wanted to do and come to London I would expect to step aside."

Tate & Lyle to sell North American motor parts business

By Clay Harris in London

TATE & LYLE, the UK-based international sweeteners producer, is to sell its North American motor components business for $173.5m.

The buyer is Hidden Creek Industries, a subsidiary of Onex Corporation, the diversified Canadian holding company which specialises in leveraged buy-outs.

The disposal had been a possibility since last spring, when Tate paid C$286m (US$246.5m) to buy out the 49.9 per cent minority in Redpath Industries, its listed Canadian subsidiary.

The deal brings to £143m the proceeds from Redpath's non-sugar interests. General Gear and Donlee Precision, two small Canadian manufacturers of machine parts, remain to be sold.

Completion, due in the middle of next month, is conditional on Onex arranging finance for the leveraged deal. The Toronto-based company typically takes large majority stakes — in this case 80 per cent — not full ownership of operating subsidiaries.

They include Sky Chefs, a leading US-based airline catering company, and Norex Leasing, Canada's largest independent leasing company.

It also controls the Canadian businesses of Purolator Courier and Beatrice Foods and owns half of Ball Packaging Products Canada, a manufacturer of rigid packaging.

In 1988, Onex reported net earnings of C$35.8m on revenues of C$1.9bn. In the first nine months of 1989, earnings reached C$29.6m on revenues of C$1.3bn

Tate will receive $162m in cash, $15m in 10-year preferred shares and a $2.5m secured note. It said Kidder Peabody had assured both parties that it was "highly confident" it could place the subordinated debt which will finance 35 per cent of the purchase price.

Onex has provided a commitment letter in respect of the 25 per cent equity portion. The remaining 45 per cent will be funded by senior debt to be provided by a leading Canadian chartered bank, Mr Ewout Heersink, Onex vice-president, said yesterday.

Automotive Industries, which has four plants in the US and two in Canada, makes injection-moulded plastic components for car interiors.

It contributed £8m ($12.8m) before tax to Tate's 1988-89 profits and had net assets of £88.6m at September 30.

Bank of Boston unveils $300m of loan write-offs

By Alan Friedman in New York

BANK OF BOSTON, the largest regional bank in New England, yesterday unveiled $300m of fourth quarter loan write-offs and announced the sale of its credit card business to Chase Manhattan.

Analysts on Wall Street see the measures as part of the bank's strategy for dealing with the growing crisis in real estate-related loans in the north east of the US.

In a separate development, Bank of New England, another bank hit by the real estate downturn, said yesterday that it had signed a letter of intent to sell McCullagh Leasing, its vehicle fleet leasing subsidiary, to GE Capital Corporation.

Terms of the sale were not disclosed.

Bank of New England last month said it was raising its loan loss reserves above $1bn because of non-performing real estate loans.

The sale of Bank of Boston's credit card business to Chase produced a pre-tax gain of $195m.

Had it not been for the gain, the bank would have almost certainly suffered a loss. In the event, a break-even result in the fourth quarter means the bank's 1989 total net income is likely to be about $62m, down drastically on net profits of $322m in 1988.

The Boston bank, the 15th largest in the US, said it had made $280m of fourth quarter provisions for bad debts, bringing total 1989 loan provisions to $720m, up from just $144m the previous year. In turn, total 1989 loan write-offs, including the $300m fourth quarter charge, came to $480m, against $194m in 1988.

Bank of Boston's non-performing assets stood at $1.7bn at the year-end, a decline of $100m on the 1988 figure that resulted mainly from fourth quarter write-offs. Some $1.1bn of the $1.7bn of non-performing loans are real estate-related.

Shares of the Bank of Boston, which are quoted on the New York Stock Exchange, had risen by ⅝ of a point to $19⅝ by early afternoon.

Mr James McDermott Jr, a senior banking analyst at Keefe Bruyette & Woods, said the stock market appeared to be approving of "the conservative way" that the Bank of Boston management was approaching its problems.

However, he warned that the real estate crisis meant that the atmosphere was very uncertain for Bank of Boston and other north-eastern institutions.

MiniScribe files for Chapter 11

By Louise Kehoe in San Francisco

MINISCRIBE, the US computer disk drive manufacturer, has filed for protection from creditors under Chapter 11 of US bankruptcy laws after numerous shareholder and debenture holder lawsuits the company has been unable to settle.

MiniScribe has previously alleged "massive fraud" by former senior managers in the preparation of its financial statements dating back to 1986.

A total of 13 class action and individual lawsuits have been filed against the company by shareholders and debenture holders.

The Chapter 11 filing involves the US parent company and does not affect its subsidiaries in the Far East, where the company now manufactures most of its products, officials said.

MiniScribe is phasing out its US manufacturing operations.

The company denied recent reports that it has been transferring assets to the Far East subsidiaries in contemplation of a Chapter 11 filing.

"We believe that this is the only practical step the company can take to solve its many legal problems," said Mr Richard Rifenburgh, chairman.

MiniScribe said its reorganisation plan may take the form of the sale of assets to new investors and the formation of a new company.

The proceeds of the sale might be used to settle claims against the company.

MiniScribe also filed its long overdue financial statements for 1988 and the first three quarters of 1989. Losses for the first nine months of 1989 were $116m compared with losses of $109.5m in the same period a year earlier. Sales fell to $349.8m from $531.0m.

The company restated its fiscal 1987 earnings as $9.04m instead of the $31.2m previously reported. Earnings for 1986 were restated at $12.2m rather than $22.6m.

INTERNATIONAL COMPANIES AND FINANCE

Maxwell builds on holding in De La Rue

By Andrew Hill in London

MR ROBERT MAXWELL, the UK publisher, has rekindled speculation about the future of De La Rue by buying a 3.1 per cent stake in the banknote printer from Scitex, an Israeli-based company in which he holds a 27 per cent stake.

Mr Maxwell bought the 4.42m shares at about 317p each – a premium to yesterday's closing price of 306p, up 5p. The publisher now owns about 21.67 per cent of De La Rue through the nominee Bishopsgate Investment Trust (18.1 per cent), Mirror Group (3.1 per cent), and the pension fund manager Bishopsgate Investment Management (0.47 per cent).

De La Rue has been the subject of bid speculation since September when Norton Opax allowed a hostile bid for the company to lapse.

Mr Jeremy Marshall, De La Rue's new chief executive, said yesterday the group had expected the sale of the stake and did not regard it as significant. "Mr Maxwell's holding is still the same in total as it was before," he said.

Mr Maxwell was unavailable to comment, but analysts believe he no longer wishes to bid for De La Rue, which revealed continuing problems with its high-technology units last month.

The publisher was originally interested in buying Crosfield Electronics, De La Rue's printing technology subsidiary. Scitex, a computer-imaging systems group, built up its stake in July, when Crosfield's fate was still in the balance, adding to 15 per cent already owned by Maxwell interests.

But the following month, in spite of Mr Maxwell's opposition, Crosfield was sold to Du Pont and Fuji Photo.

Scitex sold its stake at a loss of about £3.4m, and Mr Maxwell is still sitting on a paper loss of about £27m on the rest of his stake.

Sabena venture's management set up

By Paul Betts, Aerospace Correspondent

BRITISH AIRWAYS, KLM and Sabena have started to set in place the management structure of their new joint venture, Sabena World Airways, which is expected to come under the close scrutiny of the European Commission later this month.

BA said yesterday that Mr John Story, its general manager for Africa, had been appointed as marketing director of Sabena World Airlines. Belgium's Sabena owns 60 per cent of the company and its UK and Dutch partners 20 per cent each.

The airlines agreed to form the company last month to operate Sabena's existing routes and to develop a European hub, to be based at Brussels and serving 75 cities by 1995.

Mr Johan Dekker, Sabena's chief executive, said Mr Story would be starting work immediately on developing expansion plans for the new airline's "Euro-hub" system based on Brussels Zaventem airport. "He will be leading a marketing policy group comprising staff seconded on a full-time basis from Sabena, BA and KLM," Mr Dekker added.

The appointment of the BA executive to oversee the marketing strategy of the new airline reflects the UK carrier's expertise in this area.

Sabena World Airlines is the latest in a series of co-operation agreements between carriers in anticipation of the gradual liberalisation of European air transport. It follows a pact between Lufthansa and Air France and cross-shareholding agreements between SAS, Swissair, Delta and Singapore Airlines, among many others.

Giat to take over Luchair defence arm

By William Dawkins in Paris

MANAGEMENT of the defence subsidiary of Luchaire, the French munitions group, is to be taken over temporarily by an arm of Groupement Industriel des Armements Terrestres (Giat), the state-owned arms manufacturer.

Pro-Giat, a unit created in 1988 to help its parent explore new industrial opportunities, will take over Luchaire's defence activities for five years in return for an undisclosed sum. Luchaire Défense produced a turnover of FFr550m ($94.8m) in 1988, mainly in munitions, anti-tank mines and rocket launchers.

The announcement lays to rest some of the uncertainty overhanging Luchaire since it came under investigation in 1986 for alleged illegal shipments of arms to Iran.

A French judge decided last June there was inadequate evidence to back up the allegations, but the right-wing RPR party is pushing for a fresh inquiry.

The deal is designed to give both companies a more efficient and coherent export policy, said a Giat official. At the end of the five years, Luchaire Défense could be sold to Giat, though the options are being kept open, according to Luchaire officials.

● The French Government also yesterday confirmed that the main companies in the state-owned chemicals industry had agreed the outlines of their long-awaited reorganisation.

This means the activities of the Orkem petrochemicals, paints, inks and fertilisers group will now be divided between the two state controlled oil companies, Elf Aquitaine and Total.

Orkem's chemical and fertilizer businesses will go to Elf, while Total will take its speciality chemicals activities, said a joint statement by the Finance and Industry Ministries.

Entreprise Minière et Chimique, the mining and agrochemicals group, will further discuss with Elf how their chemicals arms might co-operate.

Small advertising group with big ambitions

Alice Rawsthorn examines the plans of a French agency seeking to expand rapidly

Mr Jean-Claude Boulet is a man in a hurry. His ambition is to turn Boulet Dru Dupuy Petit (BDDP), the French advertising agency he founded five years ago, into an international force in the advertising industry.

So far, he has staged a series of small, strategic acquisitions to form the framework of an advertising network in Europe. However, the really big deal he needs has eluded him. Last year Boase Massimi Pollitt, the UK agency, rebuffed his £118m ($188m) bid in favour of a friendly merger with Omnicom of the US.

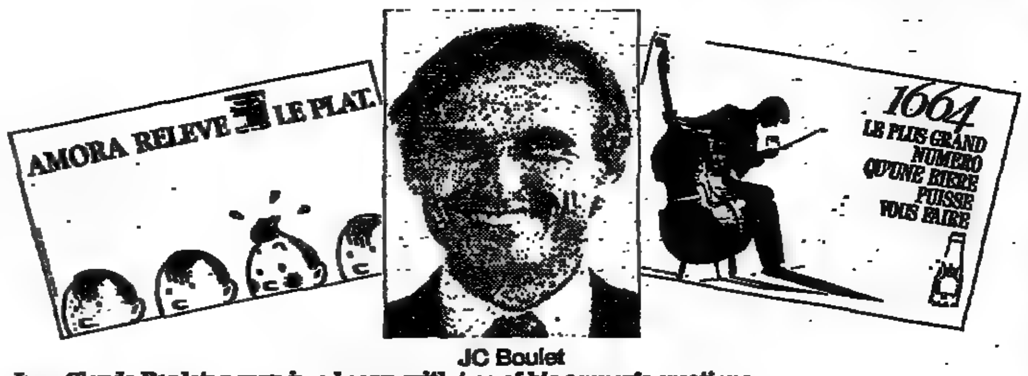
The European advertising industry is becoming more complex and competitive all the time. Most of the established networks have already been snapped up by the US and UK marketing groups. There is little time left for BDDP to establish itself as a significant player.

Is it too late? "I hope not," said Mr Boulet. "Really our network should already exist. But it does not. We have to build it as fast as we can."

Many chairmen would be quite content if their company had grown as far and as fast as BDDP.

It was formed by Mr Boulet together with Mr Jean-Marie Dru and Mr Jean-Pierre Petit – two colleagues from Young & Rubicam, the giant US marketing group, where he was managing director for Europe – and Ms Marie-Catherine Dupuy as creative director.

From the start the company was cast in the mould of the large American agencies where the founders had worked.



Jean-Claude Boulet: a man in a hurry, with two of his agency's creations

BDDP set out to offer an alternative to the French offshoots of the US groups and the indigenous agencies – Havas and Belier, owned by Eurocom, and Roux Seguela Cayzac & Goudard – that had dominated French advertising for decades.

Today BDDP is the fifth largest agency in France with a string of advertising awards to its credit, estimated billings of $667m and income of $100m last year.

Half of its French accounts come from companies owned outside France, like McDonald's and Coca-Cola.

From the beginning BDDP was intent on establishing itself as a force, not only in French advertising, but in other areas of marketing and other countries too.

The company has built up business in disciplines like sales promotion and direct marketing. Rather than adopt the vertical structure favoured by the US groups, it offers an integrated service whereby its clients deal with one account director who maps out a communications strategy on everything from traditional television advertising to dealer support schemes.

BDDP has also moved into other European markets. It set up agencies in Belgium and Italy in 1987 and staged its first acquisition, in Spain, in the same year. It has since expanded into the Netherlands, the UK and West Germany and has established a foothold in the Far East through a joint venture with Batey, the Singapore-based agency.

It is now the 14th largest advertising agency in Europe with pan-European accounts for Michelin and Polaroid. This all sounds very impressive. However, its network is still immature and far too small.

France is the only country where BDDP can offer an integrated marketing service. So far, the Netherlands is the only other country where it fulfils its aim of being among the top 15 agencies. It is still a minor player in the leading markets of the UK and West Germany.

Furthermore, a growing number of advertisers are consolidating their accounts into one international agency.

Unless BDDP offers an international service it not only runs the risk of missing out on international business, but also of losing its existing accounts.

Originally, Mr Boulet hoped to build an international network by merging with another agency.

Over the years he talked to Chiat Day in the US, TBWA in France and WCRS – now involved with Eurocom – in the UK. Late in 1988 he mooted the possibility of a merger with Boase Massimi Pollitt. Their discussions broke down and BDDP mounted a hostile bid for BMP in the spring.

The bid flopped. BDDP failed in its first serious foray into the international arena. In spite of his disappointment Mr Boulet is convinced the bid did bring some benefits. He believes, for example, that BDDP would not have been able to acquire ARA in the Netherlands or to clinch the joint venture deal with Batey without it.

BDDP is still scouting for acquisitions. It is about to conclude a significant deal in Italian advertising. It also intends to expand its presence in the UK and West Germany.

In recent weeks its name has been linked with Broad Street, the UK marketing group best known for its public relations work in takeover bids.

Mr Boulet refused to comment but did confirm BDDP has been in contact with a number of London PR companies.

So far it has spent about £25m on establishing its network. BDDP is still a private company and relies on banks to raise capital for expansion. Mr Boulet hopes the management will retain control.

He does not consider future finance to be a problem. Clearly BDDP does not have the resources to acquire a big company, such as Saatchi & Saatchi, but he said it would be interested in buying parts of the Saatchi organisation should it be broken up.

Mr Boulet is well aware BDDP may have left it too late to become a significant player in international advertising. However, he is still convinced: "There is a role for a modern, more flexible advertising network. If there is enough time."

WestLB splits 45% holding

WESTDEUTSCHE Landesbank Girozentrale (WestLB) has split part of its 45 per cent holding in the Preussag/Salzgitter concern with three other banks, AP-DJ reports.

Mr Ernst Albrecht, Prime Minister of Lower Saxony, said a holding company owned jointly by WestLB, Norddeutsche Landesbank Girozentrale (NordLB), Norddeutsche Genossenschaftsbank, and Dresdner Bank AG bought a 15 per cent stake in Preussag/Salzgitter from WestLB as of January 1.

German retailers form link

By Haig Simonian in Frankfurt

ASKO, the big West German retailer, is planning to transfer its 49.9 per cent stake in the Massa hypermarkets chain to a new joint venture with Metro, the retailing and cash and carry group best known for its controlling interest in the Kaufhof department stores.

The deal, which will be complemented by a second joint venture involving a string of Metro's interests, is a further step in the current restructuring of the German food retailing sector and points to growing links between two of Germany's biggest food retailers. The two companies are also planning a number of further joint projects in western and eastern Europe.

The first of the new joint ventures, MHB Im-und Export Handels, will incorporate a number of Metro's retailing interests along with Asko's shareholding in Massa. Although Asko and Metro will each own 50 per cent of the shares, Metro will hold 76 per cent of the voting rights and take management. Meanwhile, the two groups are combining a variety of other specialist retailing interests in a second joint venture, Deutsche SB-Kauf, in which Asko will have 76 per cent of the voting rights.

Rumours of a deal between Asko and Metro have gathered pace in recent weeks as speculation has increased about Asko's strategy following its ejection from a wide-ranging European retailing alliance linking UK, French and Dutch chains.

Engelhard ends CanPac deal

ENGELHARD, the US precious metals and chemicals group 30.5 per cent owned by Minorco, the investment arm of Anglo American Corporation of South Africa, has said it will not after all acquire Processed Minerals from Canadian Pacific US, writes Kenneth Gooding, Our Mining Correspondent.

Agreement in principle for the $110m cash purchase was reached in October. No reason was given for the collapse of negotiations.

INTERNATIONAL CAPITAL MARKETS

Swede sells property portfolio for Fl 360m

By Laura Raun in Amsterdam

MR LARS-ERIK Magnusson, a Swedish investor, has sold a parcel of properties in Chicago, London, Brussels and Amsterdam for Fl 360m ($188.38m) to Folksam, the third largest insurance company in Sweden.

The high quality office buildings, which have a value of Fl 800m, comprise the lion's share of Dala Holding, a real estate investment company controlled by Mr Magnusson, who owns 75 per cent. Private investors in Sweden and the Netherlands own the other 25 per cent.

A spokesman for Mr Magnusson, who is based in Amsterdam, said yesterday he sold because of the attractive price offered by Folksam, a privately held company.

Swedish investors have been snapping up real estate in Europe and the US since last year when the law was changed to allow capital to go abroad.

The remaining properties in Dala Holding – buildings in Chicago, New York and the Netherlands valued at Fl 1.1bn – will form the core of a new property company.

Its strategy will be to buy high quality real estate in central locations in principal cities around the world with an emphasis on Europe and the US.

● West World Holding, an 84.4 per cent subsidiary of Wereldhave, the Dutch investment company, has acquired an office building in Philadelphia for $80m.

● Nationale-Nederlanden, the biggest insurer in the Netherlands, expects net profits per share for 1989 to be more than 15 per cent higher than those for 1988. Revenue is expected to be Fl 23.4bn.

Top performing markets for last year identified

By Stephen Fidler in London and Karen Zagor in New York

GOVERNMENT bond investors based in four main markets – US, Australia, Canada and Italy – would all have achieved total returns of more than 12 per cent by leaving their money in their home market last year, according to the JP Morgan Index.

Total local currency returns in the US were 13.97 per cent, while a 6.91 per cent fourth

GOVERNMENT BONDS

quarter return on Australian bonds pushed that market into second place with returns of 13.72 per cent. Canada's market returned 12.76 per cent and Italy's 12 per cent, against an average global yield of 9 per cent according to the index. The UK market managed 7.77 per cent.

The Canadian market would have done best for US-dollar based investors, returning 16.12 per cent, followed by Italy (15.46 per cent) and the US. Worst performers in US dollar terms of the main markets were the UK market (negative returns of 3.93 per cent) and Japan (minus 14.43 per cent).

■THE West German government bond market suffered a sharp downdraught yesterday, amid fears grew of an interest rate rise by the Bundesbank. There were two factors behind it: a weekend newspaper interview in which the Bundesbank president Karl Otto Pöhl expressed concern about inflationary pressures in Germany and the central bank's moves in the short-term markets.

The Bundesbank is arranging two-tranche repurchase pacts today, carrying 29-day and 57-day maturities, to replace DM36.2bn in maturing repurchase agreements. The last time the central bank arranged a variable rate repurchase agreements in the one-month area was in October, when it also raised rates.

By the fixings around the middle of the day, the markets was up to 1¼ points down. Some strengthening of the dollar further weakened the market in the afternoon, and it closed up to 1⅜ points down on Thursday, the last official trading day.

■THE UK government bond market started the decade with a hangover, partly as a reaction to the price gains on Friday following better than expected UK trade figures. But trading was slow, as reflected in the modest volume of 11,500 contracts traded in the long gilt future on the London International Financial Futures Exchange.

Trading appeared to be unduly affected by hedging operations linked to three £100m Eurosterling issues in the four to five year maturity range brought to market yesterday. Prospects for further supply in the corporate bond market also affected sentiment.

The long benchmark 2003/07 gilt closed ⅜ point down on the day.

■THE new year started on an ambiguous note for the US debt market, with treasury bonds drifting in a narrowly mixed range in the first morning of the new decade.

At mid-session, the Treasury's benchmark 30-year bond was down ⅛ at 101⅝, yielding 7.97 per cent. At the short end of the yield curve the two year issue was unchanged, yielding 7.83 per cent, while medium-term treasury notes were up about ⅛. The Federal Reserve arranged two-day system repurchase agreements when Fed funds, the rate at which banks lend to each other, were trading at 8½ per cent, above the Federal Reserve's perceived target level of 8¼ per cent.

The debt market seemed largely impervious to yesterday morning's purchasing managers' report, which indicated that the industrial sector of the economy was stronger than expected.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	103-24	-7/32	11.82	11.66	12.02
		9.750	1/98	95-10	-8/32	10.63	10.57	10.93
		9.000	10/08	93-23	-5/32	9.71	9.65	9.96
US TREASURY *		7.875	11/99	99-19	-2/32	7.93	7.82	7.62
		8.125	8/19	101-18	-0/32	7.96	7.88	7.86
JAPAN	No 111	4.800	6/99	94.3470	-	5.72	5.59	5.38
	No 2	5.700	3/07	100.3460	-	5.66	5.66	5.51
GERMANY		7.000	9/99	96.3200	-1.250	7.54	7.18	7.24
FRANCE	BTAN	8.000	10/94	91.9751	-0.652	10.21	9.81	9.59
	OAT	8.125	5/99	91.8000	-0.850	8.50	8.19	8.07
CANADA *		9.250	12/99	98.0000	-0.250	9.56	9.50	9.67
NETHERLANDS		7.250	7/99	94.5700	-1.160	8.07	7.77	7.75
AUSTRALIA		12.000	7/99	95.0194	-0.209	12.92	13.01	13.05

London closing, *denotes New York morning session
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Campeau reprieved temporarily

By Anatole Kaletsky in New York

CAMPEAU, the heavily indebted Canadian retail company which has been skirting close to bankruptcy for the past three months, was given a temporary reprieve on New Year's Day when Citibank, its lead banker, decided not to call in $2.3bn worth of loans.

Citibank had threatened two weeks ago to call a default on its revolving lending facilities to Federated Department Stores and Allied Stores, Campeau's main operating units.

This action would have required the companies to repay their loans immediately and would almost certainly have caused both groups to seek protection in the bankruptcy courts.

In Citibank's original announcement, Campeau was given until December 31 to remedy its alleged defaults. The bank said on New Year's Day, however, that it was still in negotiations with Campeau and that no default had been called.

Despite the reprieve from its bankers, several analysts on Wall Street continued to argue yesterday that a Campeau bankruptcy announcement was likely within the next month.

The next critical date pinpointed by these analysts was January 10, when Campeau's department stores make their final payments to wholesale suppliers for goods shipped in 1989. Delaying a filing until then would enable the stores to go into bankruptcy without debts outstanding to suppliers.

International consortium to sell SFE Bank

By David Lascelles, Banking Editor

THE NINE-BANK consortium which owns Luxembourg-based Société Financière Européene, has agreed to sell its London subsidiary SFE Bank to Banca Popolare di Novara.

The price is not being disclosed.

SFE bank has capital of about £50m and assets of £500m, mainly in the form of syndicated loans. It earns a return of some 11 per cent on capital.

The decision to sell was taken because it was felt that the consortium bank had outlived its usefulness now that the owners all had international operations of their own, said Mr John Champion, the chief executive.

The bank's sister bank in Paris will be kept on to specialise in project and corporate finance.

The consortium owners are ABN, Bank of America, Banque Bruxelles Lambert, Banca Nazionale del Lavoro, BNP, Barclays Bank, Dresdner Bank, Sumitomo Bank and UBS.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on January 2

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria 9¾ 93	140	†102¾	103¼	0	[illegible]	[illegible]
B.F.C.E. 8¾ 94	175	99¾	99¾	-0½	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available-previous day's price
† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.
Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn = The current coupon.
Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Firms lose sight of the gravy train

A return to big profits is not on the menu, reports Richard Waters

For US brokerage houses the 1980s ended as they started, with intense competition still calling into question the viability of basic market activities.

The only thing that has changed as they enter the 1990s is that they are no longer alone. London's stockbrokers, which witnessed the deregulation of their market in 1986, now have a valid claim to being worse off than their counterparts elsewhere in the world.

An estimated £900m of capital was committed to London's equity markets as the decade closed. The estimated return on this is no more than £50m ($81m).

The picture may look bleak, but securities firms have in the past managed to find lucrative activities to make the business worthwhile – the fixed-income markets from the 1970s, for instance, or the junk bond extravaganza of the 1980s.

However, markets like New York and London are unlikely ever to return to the good old days. The harsh reality is well illustrated in an unpublished survey carried out for London's International Stock Exchange by Peat Marwick, the firm of accountants.

Conducted earlier this year, when trading volumes in London were at a level which few expect to be exceeded in the foreseeable future, it showed the average cost of a transaction for brokers was slightly more than £200 (which is also about the average commission earned on a bargain).

Between £70 and £80 of this was due to the cost of maintaining a research operation – yet many investors claim the quality of research has been falling. This is clear evidence that brokers are still a long way from delivering what their customers want and are maintaining unrealistically large operations.

Mr Perrin Long, an observer with Lipper Analytical in the US, forecasts the 1990s will see some firms finally accepting reality and abandoning institutional listed equity business.

"These managements ... realise they can't afford to carry on in a business that will, at best, break even," he says.

The move towards in-house research among investing institutions in the Anglo-Saxon world, though progressing slowly, is likely to hasten this.

Soft commissions are also slowly eating their way into the profits of the research-based houses.

The contrast with Japan is stark. The world's biggest market, where fixed commissions persist, has ended the decade strongly. True, Nomura, Daiwa, Nikko and Yamaichi, the country's Big Four securities firms, are losing market share in their home market, and profits on large institutional transactions have begun to fall.

But Japanese firms still manage to return huge profits, aided latterly by the equity warrants business.

The four, for instance, reported combined profits of more than Y300,000bn ($2.1bn) in the six months to September, with about half of this coming from equity warrants.

What chances of a squeeze on Japanese broking margins in the 1990s? The logic of deregulation and competition suggests margins must tumble, although no one with experience in the market expects it to become as cut-throat as elsewhere.

The warrants market, however, is likely to become progressively less profitable as Japanese issuers, encouraged by the Ministry of Finance, turn to other forms of finance.

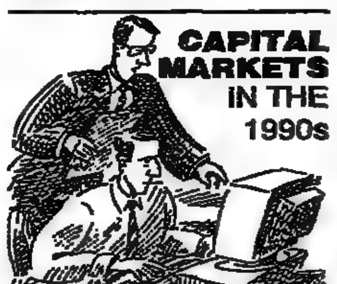
This picture of reducing profits, fostered by deregulation, is enhanced by the spread of new technology. More efficient dissemination of information and the development of computerised trading makes the capital markets increasingly "efficient" – and reduces the role played by the securities firms as intermediaries.

Faced with vanishing margins in their core business in large parts of the world, where will securities firms' profits come from in the next 10 years?

The markets outside the leading three financial centres will continue to yield a comfortable, if not extravagant, living for brokers. The developing European and Far Eastern markets, where commissions are frequently still fixed, present profitable opportunities, although on a smaller scale.

Such markets provide a welcome source of income to replace earnings lost elsewhere. It is no surprise that British firms like BZW and James Capel are already taking more than half their revenues from non-UK equities, a sign as much of the squeeze in London as the buoyant conditions elsewhere.

Others, like Baring Securities, have grown quickly and profitably after deciding not to become involved in their domestic market.



This internationalisation indicates one way securities firms will make money over the next decade.

Existing skills are being used increasingly to sell stocks across borders, providing export opportunities for a firm's basic research "products." The next step – one already under way – is for firms to develop research skills outside their home market and export these.

International stocks are a growth area for many firms. The Peat Marwick survey indicates that the cost of transacting an international equities deal is about 50 per cent higher than the cost of a deal in domestic equities – but these are costs which firms are well able to cover.

While this provides a useful new-income stream, it will not replace the sort of profits made during the bull markets of the early and mid-1980s. For firms wanting to make serious money in the next 10 years, there are two avenues open.

The first is a truism of the business; spot – or better still invent – the next big product or market before anyone else.

The 1980s bear testament to the profits available to those alert to new and seemingly esoteric securities products, from mortgage-backed securities to Japanese equity warrants. The high margins rewarding those first into a market may be eroded faster than before as product life cycles shorten and competition intensifies, but rewards will remain for the quick-witted.

The second avenue highlights the income firms can generate from taking positions as principals. The merger and acquisition fees of the 1980s, bolstered by strong corporate activity, are likely to be enhanced in the 1990s by firms' increased willingness to take stakes in companies they advise.

Mr James Fergusson, deputy chairman of James Capel, believes this means that securities firms have to become adept at managing short-term investments. "It's like becoming a fund manager," he says.

Combine derivatives and the willingness to take principal positions, and the opportunities for some sophisticated in-house market activities multiply.

This will lead to a fundamental shift in relationships between investment houses and their investing clients. One result will be a new market for truly independent providers of services to investors, who will be forced to look elsewhere for support services they have not taken in-house.

When the 1990s end, the traditional names in the business are likely to have been joined by new ones – this is the decade that the US and Japan are expected to let commercial banks into investment banking business.

Will they come? An official at one securities firm says: "I would be surprised if there was a stampede. Securities houses' returns are volatile and have been under pressure."

True, but the banks may feel they have no choice if, faced with a secular decline in their traditional lending business, they want to retain a role in the capital-raising activities of their valued clients.

With such a prospect there is little chance that the profits of the industry at the end of the 1990s will be any greater or more stable than at the beginning.

This is the sixth in a series of articles, which have appeared on December 8, 13, 15, 20 and 22.

Merger and acquisition activity in US tumbles

By Roderick Oram in New York

US MERGERS and acquisitions activity fell sharply last year, playing havoc with the rankings of Wall Street investment banks. Several firms famous for aggressive and opportunistic deal-making came to the fore, while some more conservative firms slipped down the league tables.

In spite of the inclusion of the $30.6bn leveraged buy-out of RJR Nabisco, which closed early in 1989, the total value of deals completed last year plunged by 33 per cent to $388.3bn from $575.6bn in 1988, according to figures compiled by Securities Data. The number of deals slipped to 1,539 from 1,653.

The most dramatic decline came in leveraged buy-outs, which shrank to 161 deals worth $80.9bn from 285 worth $175.6bn a year earlier.

A crucial factor was the demise of the junk bond market during the second half of the year.

Within the overall downturn of M&A activity, some industry sectors remained particularly strong. Pharmaceuticals, publishing and communications were three of the liveliest areas, including the $14.1bn merger of Time and Warner Communications.

Ranked by the total value of deals on which they advised, Morgan Stanley was first with $119.8bn and 167 deals (up from third in 1988); First Boston $82.3bn, 190 deals (second in 1988); Wasserstein Perella $79.7bn, 58 deals (sixth); Goldman Sachs $66.5bn, 170 deals (first); Drexel Burnham Lambert $61.4bn, 125 deals (eighth); Merrill Lynch Capital Markets $56.4bn, 107 deals (ninth). Salomon Brothers fell to tenth place, with $31.6bn and 118 deals, from fifth.

The sharp downturn in takeover activity was also reflected in Wall Street firms' diminished enthusiasm for merchant banking.

They took stakes for their own account in deals worth $24.8bn last year, from $95.5bn a year earlier. The number of merchant banking transactions was flat at 82, against 83 a year earlier.

Lively new-issue activity starts bout of indigestion

By Stephen Fidler, Euromarkets Correspondent

THE EUROBOND market opened the decade with a bang, but three new issues for high-quality borrowers in sterling brought an immediate bout of New Year indigestion.

Big swap opportunities opened up in sterling, playing an important part in prompting the three issues to go ahead.

Opportunities appear to have been created largely by a shifting of gilts, used as swap market reference stocks, with the change of the year. The 10 per cent of 1994 have become the new four-year reference, for example.

A £100m five-year issue for Deutsche Bank was the first sterling Eurobond to be lead managed by the Bank's own London capital markets subsidiary. Carrying a coupon of 12¼ per cent and a price of 101⅝, it yielded, at full fees, a premium of 92 basis points over the 10¼ per cent gilt of 1995.

Its reception suffered as the other two issues were announced. A weakening of the gilt market, caused partly by dealer hedging, also occurred and the issue closed outside fees, bid at a discount of 2.10 to issue price.

INTERNATIONAL BONDS

S.G. Warburg brought a £100m issue for Unilever, the borrower's first foray into the sterling Eurobond market. With a 12¼ per cent coupon and an issue price of 101¼, the bonds were given a fixed reoffered price of 99.80, which appeared to hold in spite of the weakening of the gilt market. At the reoffer price the issue yielded 88 basis points over the 10 per cent of 1994, (93 basis points at full fees).

J.P. Morgan's deal for its own London branch has a similar 12⅛ per cent coupon and a 101.425 issue price. At full fees that yielded 100 basis points over the gilt.

With sterling's recent weakness some retail demand was expected to emerge, particularly in Germany. In spite of the poor underlying market, all performed creditably, holding their yield spreads.

Deutsche also brought a DM1bn five-year deal in its home market with a 7½ per cent coupon and 100½ issue price.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Swedish Export Credit(a)♦	200	12	100⅞	1991	⅝/⅜	Bankers Trust Int.
Swedish Nat.Housing Fin.(a)♦	200	8⅛	101⅛	1995	1⅞/1⅛	Nomura Int.
CANADIAN DOLLARS						
Tor.-Dominion Bk(Cayman)(a)♦	100	11¼	101.85	1992	1¼/⅝	Hambros Bank
AUSTRALIAN DOLLARS						
Australia Nat. Railways(a)♦	120	Zero	23.80	2002	1⅜/⅝	Fay, Richwhite
C'wealth Bank Australia(a)♦	100	14	101.40	1995	2/1¼	Hambros Bank
STERLING						
Unilever(a)♦	100	12¼	101¼	1994	1⅝/1¼	S.G. Warburg Secs.
Deutsche Bank Finance(a)♦	100	12¼	101⅝	1995	1⅝/1¼	Deutsche Bank Cap. Mkts
Morgan Guaranty Trust(a)♦	100	12⅛	101.425	1994	1⅝/1¼	J.P. Morgan Secs.
D-MARKS						
Deutsche Finance Neth.(a)♦	1bn	7½	100½	1995	n/a	Deutsche Bank
YEN						
Svenska Handelsbanken(b)♦	4.5bn	8	101½	[illegible]	1⅞/1⅛	Bankers Trust Int.
Union Bank of Finland(b)♦	1.5bn	8¼	100⅝	1991	1⅞/1⅛	Nippon Credit Int.

♦Final terms. a) Non-callable. b) Redemption linked to Nikkei stock index. c) Borrower option to redeem in either $ at par or in Ecu at $1.15 per Ecu.

Canada may tighten rules for securities marketing

By Robert Gibbens in Montreal

CANADIAN regulators have proposed stringent rules for the marketing of securities, with the aim of reducing misleading and high-pressure campaigns.

The most controversial aspect is that private placements of stock would be regulated closely and investment firms' costs and risks in the distribution of securities generally would be significantly raised. The securities industry must comment by January 31.

The new rules would set strict guidelines for advertising securities offerings, whether by prospectus or private placement.

Greater disclosure would be required for private placements.

Additional filings and delays would add to underwriting costs under the new rules.

Investment bank to be launched in Pakistan

THE International Finance Corporation, a World Bank affiliate, American Express, and a Pakistani company are to launch an investment bank, Reuter reports.

Of the proposed bank's Rs50m ($2.4m) sponsors equity, the IFC will put up Rs5m with American Express and the local company, Packages, sharing the remainder equally. Another Rs50m will be raised through public subscription.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue Jan 2 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Fri Dec 29 Index No.	Thu Dec 28 Index No.	Wed Dec 27 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (202)	936.03	+0.9	12.19	4.56	10.00	0.00	927.39	927.39	916.94	775.84
2 Building Materials (27)	1161.14	+1.6	13.56	4.87	9.19	0.00	1142.39	1142.39	1136.31	939.06
3 Contracting, Construction (36)	1574.40	+1.5	14.04	4.96	8.16	0.00	1551.01	1551.82	1519.68	1444.31
4 Electricals (10)	2686.60	+0.8	10.06	4.63	12.50	0.00	2664.09	2664.89	2640.08	2294.38
5 Electronics (30)	1944.04	+0.7	9.40	3.76	13.60	0.00	1930.96	1934.96	1920.58	1776.44
6 Engineering-Aerospace (8)	488.22	+0.5	12.37	4.52	10.00	0.00	486.00	[illegible]	[illegible]	[illegible]
7 Engineering-General (44)	489.03	+0.6	11.56	4.80	10.68	0.00	486.48	486.48	[illegible]	[illegible]
8 Metals and Metal Forming (6)	485.01	+1.3	24.31	6.29	4.64	0.00	478.78	478.78	474.35	482.85
9 Motors (16)	392.98	+1.7	15.54	5.37	8.66	0.00	386.31	386.31	382.32	258.24
10 Other Industrial Materials (25)	1745.78	+0.4	9.61	4.12	12.88	0.00	1738.28	1738.28	1725.56	1311.63
21 CONSUMER GROUP (180)	1337.82	+0.5	8.50	3.55	14.71	0.00	1331.80	1331.80	1321.92	1016.74
22 Brewers and Distillers (22)	1556.75	+0.7	9.20	3.36	13.58	0.00	1546.10	1546.10	1534.97	1112.42
25 Food Manufacturing (19)	1174.98	+0.4	[illegible]	[illegible]	[illegible]	0.00	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (16)	2312.81	-0.1	8.88	3.27	14.60	0.00	2315.06	2315.06	2306.18	1784.64
27 Health and Household (13)	2738.26	+0.6	5.72	2.39	20.82	0.00	2722.96	2722.96	2707.28	1778.29
29 Leisure (34)	1673.12	+0.3	7.99	3.56	15.41	0.00	1671.48	1671.48	1661.09	1346.22
31 Packaging & Paper (15)	562.40	+0.9	11.85	5.13	10.60	0.00	557.55	557.55	551.57	525.88
32 Publishing & Printing (17)	3778.37	-0.1	8.53	4.64	15.53	0.00	3782.54	3782.54	3776.31	3244.22
34 Stores (31)	811.79	+1.2	10.82	4.61	12.03	0.00	802.39	802.39	799.88	679.57
35 Textiles (13)	533.40	+0.6	10.84	5.61	11.19	0.00	529.97	529.97	526.18	464.71
40 OTHER GROUPS (103)	1214.04	+0.8	10.55	4.50	11.35	0.00	1204.08	1204.08	1194.58	896.15
41 Agencies (16)	1566.24	+1.4	6.79	2.51	18.19	0.00	1544.46	1544.46	1544.02	1030.84
42 Chemicals (22)	1252.32	+0.8	12.11	5.14	9.74	0.00	1242.48	1242.48	1229.34	1026.37
43 Conglomerates (14)	1657.42	+1.2	10.96	5.27	10.68	0.00	1637.07	1637.07	1623.05	1254.94
44 Transport (13)	2378.87	+1.5	10.17	4.04	12.52	0.00	2342.98	2342.98	2308.79	1844.38
45 Telephone Networks (2)	1277.38	+0.6	9.94	4.01	13.88	0.00	1264.84	1264.84	1266.38	1002.63
47 Water (10)	1985.45	+0.9	17.55	6.62	6.31	0.00	[illegible]	[illegible]	[illegible]	[illegible]
48 Miscellaneous (26)	1971.24	+0.1	8.98	4.28	12.55	0.00	1968.45	1968.45	1945.96	1187.13
49 INDUSTRIAL GROUP (485)	1213.99	+0.7	10.05	4.09	12.18	0.00	1205.72	1205.72	1195.49	935.74
51 Oil & Gas (15)	2478.71	+0.5	8.74	4.63	15.33	0.00	2464.43	2464.61	2436.78	1725.77
59 500 SHARE INDEX (500)	1319.17	+0.7	9.86	4.27	12.52	0.00	1310.62	1310.62	1298.96	1002.81
61 FINANCIAL GROUP (116)	865.60	+0.1	-	4.98	-	0.00	866.85	866.85	857.64	676.84
62 Banks (9)	894.20	+0.3	19.26	5.62	6.02	0.00	892.48	892.48	882.52	657.74
65 Insurance (Life) (7)	1461.98	-0.1	-	4.54	-	0.00	1463.80	1463.80	1451.86	937.46
66 Insurance (Composite) (7)	763.09	-0.7	-	4.99	-	0.00	768.11	768.11	756.59	538.72
67 Insurance (Brokers) (6)	1176.65	-0.9	6.31	5.36	21.09	0.00	1187.21	1187.21	1173.59	916.68
68 Merchant Banks (10)	484.30	+0.2	-	3.57	-	0.00	483.49	483.49	478.51	318.85
69 Property (49)	1227.61	-0.4	7.47	3.49	16.93	0.00	1233.07	1233.07	1223.66	1198.13
70 Other Financial (28)	342.76	+0.5	12.31	6.13	10.64	0.00	340.64	340.64	337.72	342.59
71 Investment Trusts (68)	1301.76	+0.4	-	2.78	-	0.00	1296.98	1296.98	1293.05	922.64
81 Overseas Traders (5)	1601.26	-0.2	8.63	4.94	15.33	0.00	1604.27	1604.27	1567.05	1273.76
99 ALL-SHARE INDEX (689)	1210.92	+0.5	-	4.26	-	0.00	1204.70	1204.70	1193.66	921.22

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 29	Dec 28	Dec 27	Dec 22	Dec 21	Year ago
FT-SE 100 SHARE INDEX♦	2434.1	+11.4	2443.3	2425.5	2422.7	2398.8	2398.8	2362.0	2353.0	1782.8

♦Opening Index 2442.4; 10 am 2435.5; 11 am 2436.2; Noon 2436.4; 1 pm 2437.0; 2 pm 2435.3; 3 pm 2425.5; 3.30 pm 2428.6; 4 pm 2432.3
(a) 9.17am (b) 2.56pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

FIXED INTEREST

PRICE INDICES	Tue Jan 2	Day's change %	Fri Dec 29	xd adj. today	xd adj. 1990 to date
British Government					
1 Up to 5 years	116.69	-0.11	116.83	-	0.00
2 5-15 years	129.88	-0.34	130.25	-	0.00
3 Over 15 years	139.65	-0.49	140.34	-	0.00
4 Irredeemables	157.98	+0.03	157.94	-	0.00
5 All stocks	128.09	-0.26	128.45	-	0.00
Index-Linked					
6 Up to 5 years	141.53	+0.06	141.44	-	0.00
7 Over 5 years	140.94	+0.02	140.91	-	0.00
8 All stocks	140.86	+0.03	140.83	-	0.00
9 Debentures & Loans	106.66	+0.27	106.37	-	0.00
10 Preference	84.22	-0.41	84.57	-	0.00

AVERAGE GROSS REDEMPTION YIELDS		Tue Jan 2	Fri Dec 29	Year ago (approx.)
British Government				
1 Low	5 years	10.21	10.16	9.49
2 Coupons	15 years	9.60	9.58	9.14
3	25 years	9.54	9.52	9.03
4 Medium	5 years	11.10	11.03	10.64
5 Coupons	15 years	10.00	9.97	9.71
6	25 years	9.78	9.65	9.38
7 High	5 years	11.25	11.17	10.91
8 Coupons	15 years	10.23	10.17	9.85
9	25 years	9.81	9.78	9.26
10 Irredeemables		9.66	9.66	9.82
Index-Linked				
11 Inflation rate 5%	Up to 5yrs	3.83	3.85	3.86
12 Inflation rate 5%	Over 5 yrs	3.61	3.61	3.79
13 Inflation rate 10%	Up to 5yrs	2.95	2.96	2.64
14 Inflation rate 10%	Over 5 yrs	3.44	3.44	3.62
15 Debs &	5 years	13.56	13.44	11.70
16 Loans	15 years	12.90	12.46	11.40
17	25 years	11.99	12.00	10.94
18 Preference		10.92	10.87	10.40

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	5	74	23
Corporations, Dominion and Foreign Bonds	8	11	21
Industrials	562	219	821
Financial and Properties	230	127	335
Oils	25	29	40
Plantations	0	0	10
Mines	35	34	91
Others	66	77	103
Totals	933	571	1444

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price p	+or-	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price £	+or-
[illegible]							

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price p	+or-
[illegible]							

TRADITIONAL OPTIONS

- First Dealings Dec 18
- Last Dealings Jan 5
- Last Declarations Mar 22
- For settlement Apr 2

For rate indications see end of London Share Service

Calls in Amstrad, Atlantic Res., Emess, Evode, Hobsons Publishing, Ibstock Johnsen, Peek and Saatchi & Saatchi. Put in Body Shop Intl.

LONDON TRADED OPTIONS

THE traded options market had a quiet start to the new year, reflecting the lack of business in the stock market. Turnover was below Friday's levels, which had been boosted by the expiry of the December FT-SE 100 index options and, apart from one large deal in the Water Package, transactions were small-scale.

Yesterday's total amounted to 15,540 contracts, compared with 19,158 on Friday. This was divided between 11,631 calls and 3,909 puts.

Analysts said the greater number of calls traded did not reflect a more bullish stance by investors towards the equity market, although dealers said some of the larger stock option trades had been bullish and were linked to purchases of underlying stock.

The FT-SE was the busiest contract as it traded hesitantly within an 18-point range. Initially, the FT-SE looked as if it might break the all-time high but doubts set in after an early decline on Wall Street and for the rest of the day the London market struggled to recapture the initial gains.

The FT-SE traded 4,064 lots, against 5,521 on Friday. Yesterday's total included 1,844 calls and 2,220 puts, with the January 1,900 put series the busiest, trading 400 contracts. Of the larger trades, a US investment house was said to have sold 250 February 2,550 calls at 27p, while a [illegible] sold the January 2,300 puts and 2,550 calls a total of 200 times for 25p.

Among the stock options, the Water Package was the busiest, trading 1,675 contracts, all of which were calls. The Water Package turnover was boosted after Tullett & Tokyo sold 1,000 March 1,800 calls at 80p, which was said to have been a bullish trade.

BP was active with 1,023 contracts changing hands. Of the 344 were calls and 679 were puts. The April 330 call series was the busiest, trading 504 lots.

Hanson also traded 1,023 lots, divided between 1,000 calls and 23 puts. The February 220 call was the busiest series, trading 525 lots.

Option	Calls			Puts		
[illegible]						

UK COMPANY NEWS

Fergabrook £6m publishing purchase

By John Thornhill

FERGABROOK GROUP, the USM-quoted distributor and maker of footballs, toys and plastics, is broadening its interests in publishing and promotions through the acquisition of a division of Celebrity Group Holdings for up to £6m.

The acquired division embraces a variety of activities, including the publication of comics and magazines, such as Basketball Weekly, Rupert Bear, and Count Duckula, based on the vegetarian vampire duck character which Fergabrook makes as a toy.

It also promotes soccer and rugby league sporting events and is expanding into corporate videos and conference and seminar management. In the year to the end of January 1989, the division recorded pretax profits of £1m and at that date had net assets of £450,000.

Fergabrook, which is in the process of changing its name to Clearmark Group, is to pay an initial £3m in cash and credit agreements, and may make a further payment of up to £3m in shares depending on the division's profit performance over the next two years.

Mr Philip Harrison, chief executive of Fergabrook who has helped revamp the company after a reverse takeover in September 1988, said he had looked at over 50 possible acquisitions before concluding this deal, and was convinced the purchase was a good one.

"Every one of the division's product areas related to one of our activities. It fitted beautifully and we could not walk away from it," he said.

Since the takeover in 1988, Fergabrook has largely diversified away from the toy industry and is now best-known for selling about 12m Wembley and *Frido plastic footballs* a year.

Mr Alan Kingston, one of the original founders of Celebrity, will join Fergabrook as managing director of its new division, and will enter into a three year service contract, receiving an *annual remuneration of* £110,000. He will also be invited to join Fergabrook's board.

The privately-owned Celebrity will concentrate on its remaining Zodiac Toy subsidiary, which was bought from Ward White in April 1988.

Count Duckula: featured in one of the comics being acquired

Berry Birch associate disposes of lossmakers

INTERPLEX Technologies, an associated company of Berry, Birch and Noble, the USM-quoted financial services and microelectronics group, has disposed of two loss-making subsidiaries – Global Specialties Corporation (UK) and E&L Instruments.

The share capitals of the two micro-electronics companies held by Interplex have been bought for a nominal consideration by E&L Technologies, a newly-formed management buy-out company.

At the same time Berry has acquired, for a nominal consideration, the remaining 50 per cent of Interplex that it did not already own.

As part of the arrangements for the settlement of inter-company debt, E&L Technologies has issued 40,000 'A' preference shares of £1 each to Berry. Certain other inter-company debt *has been written off.*

In the six months to end-July 1989 Berry reported a loss of £375,000, which resulted in the resignation of Mr Ron Springall as chairman.

Its share of the pre-tax loss of the associated companies then was £53,528, and the net effect of these transactions on its accounts for the six months to end-January 1990 is estimated at a loss of £20,000.

COMPANY NEWS IN BRIEF

ARMSTRONG EQUIPMENT: The offer made by Caparo for the preference capital has been accepted in respect 92,197 shares (93.2 per cent). The offer will remain open until further notice.

BARDSEY: Recommended offers by Beckenham Group have been declared wholly unconditional. In aggregate, acceptances valid in all respects have been received in respect of 60.6 per cent of the Bardsey capital as enlarged by the exercise of the Bardsey warrants.

KLEINWORT BENSON Investment Management: Net asset values of funds managed at December 22 1989 – Jos Holdings 187.3p; Kleinwort Charter Investment Trust 193.8p; Kleinwort Overseas Investment Trust 209.4p; Kleinwort Smaller Cos Investment Trust 166.1p; The Merchants Trust 226.2p.

MERGER CLEARANCE: The proposed acquisition by Thorn EMI Home Electronics (UK) of certain assets of Bennett and Fountain Group will not be referred to the Monopolies and Mergers Commission.

MORGAN GRENFELL: Deutsche Bank's £950m bid has been declared unconditional. The bank controls about 89.5 per cent of Morgan's shares. The offer remains open until further notice.

MMT COMPUTING: 500,000 new ordinary were issued for cash on December 29 at 143.6p. The shares were placed with institutional clients of Albert E Sharp and Co.

THAI PRIME FUND: The unaudited net tangible *asset backing per preferred share at December 29* was US$18.81.

TRINITEC: Metrologie International, Paris-based computer distribution group, has acquired the balance of Trinitec (in which it already had a 22 per cent stake). It is, at the same time, forming Metrologie, which will be the UK holding company for both the newly-acquired Trinitec and Rapid Recall, which is already 100 per cent Metrologie owned. The acquisition of Trinitec was for cash as well as shares in the new Metrologie.

Carron Phoenix switches backing to Franke cash offer

By John Thornhill

A STRUGGLE for control of Carron Phoenix broke out yesterday as the Falkirk-based domestic sink manufacturer announced it had recommended an £8.32m cash offer from the Swiss-based Franke Holdings company.

The recommendation superseded a £6.8m agreed bid from Groupe Bene, a private French company, which was made about two weeks ago.

Bene said last night that it was considering its position and that it would make a further announcement in due course.

The news was not totally unexpected as Carron Phoenix had said last week that it was in discussions with Franke. Its shares fell 5p yesterday to close at 74p.

Franke, a privately-owned holding company of a multinational group of companies, manufactures stainless steel and polymer kitchen sinks. It said that a merger of its interests with those of Carron Phoenix would enable it to offer a broader range of sinks and catering equipment in wider markets in Europe and North America.

Franke already owns 6.4 per cent of Carron Phoenix shares and has received acceptances representing a further 26.3 per cent. Its offer values each Carron share at 73p, compared with Bene's 60p offer which is worth per share.

Norfolk Capital to sell Sloane Club for £18m

By Andrew Hill

NORFOLK CAPITAL Group is to sell London's Sloane Club to a private company for £18m.

The hotel group – which is threatened with a management coup by Edinburgh-based Balmoral International – bought the Sloane in May 1988 for £14.5m.

Thomas Peterson Associates is to buy the Sloane for cash. It is the private company's first investment in the UK hotel market. The sale proceeds will be used to reduce Norfolk's borrowings to £52m, or 25 per cent of shareholders' funds.

Norfolk stressed yesterday that the sale was part of a "continuous management review" of its portfolio and had not been prompted by the unwelcome approaches of Balmoral, which owns a 12 per cent stake in Norfolk.

The hotel company said the Sloane, a middle-market members-only residential club, looked out of place next to the more upmarket St James's Clubs in London, Paris and Los Angeles, which it also owns.

At the end of 1988, the Sloane Club Group's net assets stood at £16.3m and its trading profit for the 11 months to November 30 1989 was £1.06m.

A triumvirate headed by hotelier Mr Peter Tyrie, Balmoral's managing director, wants to oust Norfolk's managing director, Mr Peter Eyles, and take over management of the group. A special shareholder meeting is to be held at the end of this month.

Eurocom has 10% of WCRS

Eurocom, the French advertising agency, has acquired a 10 per cent holding – or 7.21m shares – in WCRS, the UK marketing group.

The transaction forms part of an agreement – struck last autumn when Eurocom bought 60 per cent of WCRS's advertising interests – that the French agency could acquire up to 14.99 per cent of WCRS's equity.

Stanley Leisure shrugs off adverse publicity and buys more casinos

By Andrew Hill

STANLEY LEISURE Organisation is to stake up to £10.75m in cash on the development of its gaming business by acquiring Leading Leisure's provincial casino division.

Mr Paul Olive, finance director at Stanley, said yesterday: "There has been quite a bit of adverse publicity about the performance of casinos, but that's mostly in London. Provincial casinos are not adversely affected by lower consumer spending."

Mr Olive said the provincial gaming business was not dependent on the "high-rollers", who help decide the fortunes of London casinos. At a Stanley casino, the average nightly drop – the amount wagered by a client – is about £100. According to Mr Olive, high interest rates have hardly affected the size of the drop: "If anything, business has got better."

Leading Leisure – which also announced another disposal yesterday, and the formation of a joint venture for most of its property interests – has been selling peripheral businesses to reduce borrowings to below twice shareholders' funds.

The Third Market company is to concentrate on its hotel, bingo and leisure park operations.

As part of the deal, Leading Leisure has an option to sell the freehold of two of its casino properties to Stanley for £4m in December.

The purchase will give Stanley, which also runs a chain of betting shops and snooker clubs, control of eight casinos, to add to the nine it already owns. It makes the group Britain's third largest casino operator, behind Mecca Leisure and Stakis. News of the acquisition helped push Stanley's share price up 7p to 243p yesterday.

Most of the existing Stanley casinos are in the north of England; the Leading Leisure operations are in Bolton, Liverpool, Southport, Coventry, Bournemouth, Southampton, Margate and Portsmouth.

Stanley will pay Leading Leisure an initial £9.25m in cash – pushing up its own borrowings to about 45 per cent of shareholders' funds – and a further £1.5m, in two instalments on the first and second anniversaries of the acquisition.

In 1987-88, Leading Leisure's casinos made £1.34m pre-tax profit on turnover of £7.34m. Net assets were £1.9m and net liabilities, excluding deferred tax, £2.88m.

Leading Leisure's other sale is of Nouveaux Products, a security door business. It is being bought by a management team headed by Mr Raymond Jordan, who is stepping down as a director of the parent company. The deal will cost the MBO team roughly £1.25m – the value of assets – less current liabilities and inter-group indebtedness. Payment will be in loan stock.

Separately, Wykeham Group, a private property company, is to be Leading Leisure's partner in a new joint venture, Duchy Parklands, which will take on existing commercial joint ventures between the two companies, and their commercial development sites. The sites include development land near the M27 and in the Isle of Wight.

Leading Leisure said its commercial sites could be worth up to £29m. That would be paid partly in cash with the group keeping an interest in the joint venture through loan stock and equity.

Sights set on new horizons

Barry Riley on the relaunch of Merchant Navy Inv Management

A NEW Argosy will set sail on January 10. Mr Geoffrey Musson's investment management team will shake itself free of the tramp shipping image of the past, when it operated as Merchant Navy Investment Management, and will be relaunched as Argosy Asset Management.

The rebranding exercise sets the seal on the paradoxical emergence of a vigorous and independently-minded financial services business from the apparently unpromising bureaucratic confines of a merchant shipping industry trade body.

In the year to September 30, MNIM raised its pre-tax profits from £1.1m to £1.66m and increased by 45 per cent (to £875,000) the dividend paid to Ensign Trust, the listed investment trust which is MNIM's immediate parent company.

During 1989 new offices were set up in Melbourne and Boston, as the start of an international development strategy. The company now looks after assets totalling well over £2bn.

According to Mr Musson, the managing director, this is the clearest example of a pension fund management operation setting itself up independently and diversifying its client base.

Other in-house pension fund management units have been incorporated and have acquired separate identities – the biggest is Postel, which serves both the Post Office and British Telecom – but none has broadened its base in the same way. This year more than two-thirds of the company's revenue will be generated by clients other than the merchant navy funds.

It was a case of necessity, implies Mr Musson. Once research partner of James Capel, the stockbroker, he joined the Merchant Navy Officers Pension Fund as investment manager in 1977 (there is also a separate ratings fund) but soon realised he was serving a declining industry. There were 32,000 active officers in 1978, but there are only 8,500 now.

In the circumstances, the trustees of the fund came to realise they they could not keep together a skilled management team unless they were prepared to look beyond the boundaries of the merchant navy.

To some extent the status of the merchant navy fund as an industry-wide scheme made this diversification easier. Many different shipping companies were already involved, and it was therefore easier for them to agree to accept new clients. In contrast, most pension funds are set up as single company schemes with rather narrow corporate objectives.

The trustees of the merchant navy funds therefore embarked on a lengthy process of change. Crucially, they bought 80 per cent control of Ensign Trust, which has had the pension fund management activity injected into it, and which remains a pivotal element in the structure.

Ensign has the ability to funnel capital into other small companies, such as Aberdeen Trust, owner of another fund management business, in which Ensign has a 49.9 per cent stake.

Mr Musson is insistent that the investment management business must pay its way. "One of the things we have taken seriously is the need to remain highly profitable," he says.

"That profitability guarantees people's jobs and the continuity of the whole process." His objective, he states, is to run the fund management company "with the highest return on capital".

He captains a tight ship, with only 40-odd people in the Finsbury Circus offices and a separate administration office in Leatherhead, Surrey. But the costs of the new overseas offices will bite harder this year.

The aim is to preserve profitability by focusing on niche areas. MNIM has not, for instance, so far entered the highly competitive struggle for big pension fund management contracts, where the leading merchant banks and insurance companies dominate. Nor has it moved into the unit trust marketing business, although the associate Abtrust has done so.

"We regard ourselves as being at the wholesale end of the market," says Mr Musson. The company has focused, for example, on investment trusts. Last September it took control of the Alva Investment Trust, changed its name to Worth, and linked up with Edmond de Rothschild Banque to devise a strategy of investing only in companies selling luxury goods.

Now the new Argosy name will underline the broadening of the client base. It is also intended to make foreign institutions more accessible: according to Mr Geoffrey Musson, potential clients in the US midwest are unlikely to understand even what a merchant navy is, let alone how it might be relevant to their investment requirements.

The ultimate ownership remains with the merchant navy pension funds, however, through an 80 per cent holding in Ensign (which is due to be reduced 75 per cent in due course).

Although Argosy has acquired PLC status, this is claimed to be merely in order to improve its image. The staff do not have options, and are remunerated according to a bonus structure. "At this stage it is not in anybody's mind that the company will float," insists Mr Musson firmly.

All the same, on January 10 Argosy Asset Management, the pension fund investment management company which "externalised" itself, will be weighing anchor and starting on a new leg of an unusual, and perhaps unique, corporate voyage.

BOM delivers blow to recovery hopes

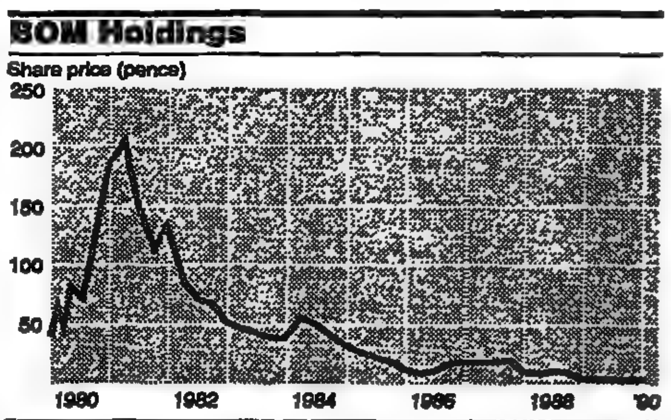
By Ray Bashford

LONG TERM shareholders in BOM Holdings should have become hardened to bad news. However, the latest statement from the board will come as a severe blow to any lingering hope of a substantial recovery in their investment.

The letter to shareholders, sent last Friday, opens another chapter in the company's eight-year history of woe which has seen the share price slump to the 2.5p suspension price while a succession of disasters and disappointments has unfolded. The shares have dropped to one-tenth of their value since the October crash and to 100th of the peak value.

The ruling by the Stock Exchange that the company was "not suitable to be relisted" virtually ends any chance that the company's 20,000 shareholders, who collectively own 400m shares, will be able to find a market for their investment.

The letter makes it clear that the company is in a dire financial position and is further dogged by legal action against



Arthur Andersen, the international accountancy firm.

"The company is now critically short of working capital and certain banks have demanded repayment of their loans," the letter states.

The group's immediate financial problems surround the purchase in September 1987 of Albancode Group, the leather furniture and kitchens fittings group, for £16.5m. Its drain on resources and dismal outlook has forced the board to appoint a receiver for the subsidiary.

BOM claims that as a result of overstatement of stocks and debtors at the time of the acquisition, write-offs and costs of £2.3m were incurred and a further £1.1m has been expended on re-organisation. The company suffered operating losses of £4.9m in the 18 months to July 31 last year

The agreed payment of £3m by Mr DN Rayner and other vendors of Albancode as settlement of a warranty claim will help ease the squeeze. However, BOM's success in extricating itself from its investment in Albancode will depend heavily on the court action it is taking against Arthur Andersen which said last night said it would vigorously contest.

BOM's other asset, 400 acres of land surrounding a disused oil refinery on the Medway in Kent, has been sold for £12m and 20 per cent of the equity in the purchaser, after the board considered seeking the appointment of a receiver for the entire group.

The land has been sold to Surelaunch. Mr Alec Banyard, BOM's company secretary, said that the deal with Surelaunch had been done "at totally arms length".

Directors said that the forced disposal of the land would have resulted in a "significantly" lower value being realised for the land.

Delta expands in Australia

Delta, the electrical equipment, engineering and industrial services company, has announced further acquisitions by two of its Australian subsidiaries in specialist electrical distribution and protective coatings, for a total A$7.5m (£3.6m).

Industrial Galvanisers has purchased the two Perth coatings facilities of Bowater Industries Australia for A$3.4m and Bell-IRH Industries has acquired the Warburton division of Amtech, a distributor of electronic controls, sensors and instruments.

Kingfisher acceptances total only 0.13% of Dixons at first closing date

By John Thornhill

Kingfisher, the retail group, revealed yesterday that it had received acceptances representing only 0.13 per cent of Dixons' shares at the first close of its fiercely contested £568m offer for the UK electrical retailing group.

Kingfisher said the level of acceptances was not unexpected at this stage of the offer although Dixons described the response as pitiful.

The announcement came after the close of the stock market, but Kingfisher's shares had already firmed 2p on the day to 305p and Dixons' shares had risen 1p to 137p. Kingfisher's cash offer values each Dixon share at about 120p.

Kingfisher, which currently owns no Dixon shares, received acceptances for 504,536 ordinary shares and 5.1m preference shares (2.74 per cent of the total).

The offer has now been extended to January 23.

£1.33m purchase by Metsec

Metsec has bought Hep Cold Rolled Sections for about £1.33m to be satisfied by the issue of more than 290,000 shares at 171.6p and the balance of £834,000 in cash.

For the year to the end of April 1989 Hepsec reported pre-tax profits of £240,000 on turnover of £4.05m. Net assets at the end of the year stood at £499,000 following the payment of a pre-acquisition dividend of £50,000.

Hepsec produces cold rolled sections for use by the suspended ceiling, roofing and partitioning industries.

VLAKFONTEIN GOLD MINING COMPANY LIMITED

("VLAKFONTEIN")

(Registration No. 05/06155/06)

(Incorporated in the Republic of South Africa)

PROPOSED SALE OF DROOGEBULT MINING TITLE TO NIGEL GOLD MINING HOLDINGS LIMITED ("Nigel").

Over the past 13 months the decline in the real gold price and decreasing yield from surface dumps of gold-bearing material have resulted in Vlakfontein passing its last three dividends. The tonnage of payable dump material remaining has declined to a level at which substantial and progressive declines in the tonnage treated per month are inevitable. In these circumstances, unit treatment costs at Vlakfontein's plant are expected to increase to a level which would lead to the otherwise payable underground operation at Droogebult becoming unprofitable.

Accordingly, with effect from 1 January 1990, it has been decided to sell the Droogebult mining title and underground equipment and the store at Droogebult to Nigel for a consideration of R16 million to be satisifed by the transfer to Vlakfontein of 32 million Nigel shares presently held by South East Rand Gold Holdings Limited ("Southgo"). The Droogebult mining title consists of precious metal claims on the farms Spaarwater and Droogebult.

The agreement is subject to Ministerial permission for the transfer of the claims forming the Droogebult mining title to Nigel as well as the shareholders of Vlakfontein, Southgo and Nigel approving the sale in general meetings. A circular setting out details of the Vlakfontein meeting and other pertinent information will be sent to shareholders in due course.

Vlakfontein will now proceed to treat the remaining payable surface material and will then proceed with the clean-up process of gold locked up in and around the plant. These operations will be concluded as quickly and efficiently as possible and are expected to be completed within twelve to eighteen months. All relevant statutory safety and environmental requirements will be complied with in the closure procedure.

Vlakfontein will also seek to dispose of its other assets which include surface freehold, fixed property and plant. No consideration has yet been given to the disposal of the remaining Vlakfontein mining title nor the Nigel shares. Shareholders will be informed in this regard when the need arises.

Shareholders' attention is also drawn to the announcement from Nigel and Southgo published today.

Registered and Transfer Offices:

75 Fox Street, Johannesburg 2001
PO Box 1167, Johannesburg 2000
F|B H|S

Sponsoring Broker:

Fergusson Bros., Hall, Stewart & Co., Inc.,
(Registration No. 72/08905/21)
(Member of the Johannesburg Stock Exchange)

Johannesburg
3 January 1990

A member of the Gold Fields Group

LEGAL NOTICES

Company No: 2143408

Registered in England and Wales

PETER EDEN LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986 that a meeting of the unsecured creditors of the above-named company will be held at:-

Shelley House, 3 Noble Street, London EC2V 7DQ

on Friday, 5 January 1990 at 10.00 am for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors committees by or under the Act.

Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if:-

(a) they have delivered to us at the address shown above, no later than noon on 4 January 1990, written details of the debt they claim to be due to them from the company, and the claim has been duly admitted under the provision of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

R M ADDY
Date 21/12/89
J M IREDALE
Joint Administrative Receivers

NATIONAL & PROVINCIAL BUILDING SOCIETY

£200,000,000
Floating Rate Notes 1996

Notice is hereby given that the Rate of Interest has been fixed at 15¼% p.a. and that the interest payable on the relevant Interest Payment Date 27 March, 1990 against coupon No. 16 will be £188.01 per £5,000 Note and £3,760.27 per £100,000 Note.

Agent Bank:
Lloyds Bank Plc

International Bank for Reconstruction and Development
Lit 200,000,000,000
Floating Rate Notes
Due 1997

In accordance with the provisions of the notes, notice is hereby given that for the interest period January 2, 1990 to July 2, 1990 the notes will carry an interest rate of $12\frac{11}{16}$% per annum.

Interest payable on the relevant interest payment date 2nd July 1990 will amount to Lit 317.000 per Lit. 5.000.000 note and to Lit. 3.172.000 per Lit 50.000.000 note.

Agent Bank:
Banque Paribas Luxembourg

David White explains why a new control system being developed for Royal Navy frigates represents a radical change of course

A beauty waiting for a new brain

Everyone seems to agree that HMS Norfolk, the latest ship to be accepted by the Royal Navy, is a beauty: clean lines sweeping back from an elegant clipper bow. The problem is that it will be some years before this vessel, or subsequent frigates of its class, will be fit to operate in a war zone.

A change of course in the concept of the command system – the "brain" which processes and displays data from the ship's sensors and manages the deployment of weapons and the ship itself – means that the next four Type 23 anti-submarine frigates will probably, like the Norfolk, put to sea without one.

The cancellation of the original command and control system and the choice of a successor has been a notoriously protracted saga. But Dowty-Sema, the consortium that has taken over the project, is confident that the Navy will have "the most advanced command system of its type in the world." This will be at an undisclosed date, not expected to be before 1993.

The consortium, made up of the Dowty group and the Anglo-French systems company Sema, using displays from Racal, won the £150m fixed-price contract in August. It was a turnaround in several respects.

It spelt the end of a virtual monopoly by Ferranti International, the company that pioneered automated command, giving the UK world leadership in the 1960s. By the same token, it showed the growing credit being given to the claims of software houses as prime contractors for defence equipment.

At the same time, the revised project marks a radical shift away from the centralised or near-centralised computer systems now in service. Instead, Dowty-Sema's project is based on a network of 280 processors, designed to avoid computer bottlenecks. Since these processors are well tried in the civilian market, it also demonstrates the decline of the specialised military computer.

The Type 23, with a crew complement reduced from 250 to about 170, carries an array of ship-borne and helicopter-borne weapons, and both active and passive sensors for detecting threats in the air, and on and beneath the surface. Co-ordinating all this requires a high-speed nervous system. The time available to react to, identify and deflect or destroy an air-launched missile, for instance, might be 20 seconds.

Without the command system, Type 23 frigates will be limited to normal peace-time patrolling tasks, listening for submarines and perhaps missions such as drug seizure. The Navy would not use them for escort operations in the Gulf or a conflict like the Falklands.

The problems of managing a modern warship in a hostile environment, where the picture is confused by neutral and friendly tracks, was dramatically shown up in the Gulf last year when the USS Vincennes, equipped with the latest Aegis system, mistakenly shot down an Iranian civilian airliner.

"It is still not clear that we have all the answers," says one military electronics expert.

The proposed command system requires a complex interaction between four main components: the display consoles (12 multi-function units in the Type 23), the processing electronics, the software (making up the bulk of development costs) and the human element.

It became apparent 30 years ago that the amount of raw sonar and radar data available was too much for sailors to handle. The first systems linked all the sensors into a central computer. Ones like the Aegis are based on small numbers of minicomputers.

Ferranti built its systems around rugged, purpose-made military computers. But as sensors advanced, so did the demands on systems which could not easily be expanded. The Navy now requires built-in expansion capacity.

The original Ferranti contract for the Type 23, known as CACS-4, was cancelled in 1987. Based on minicomputers, it had to take in the new weapon requirements dictated by Britain's experience in the Falklands. The Ministry of Defence had made a down-payment of £30m, but became increasingly aware that the system would not have the processing power to satisfy the needs of the 1990s, especially with the introduction of a big new sensor – the towed-array sonar. Before cancellation, it had already begun to look for alternatives.

It went for a fresh approach using the Ada high-level programming language. Two parallel project definitions involving distributed system architectures were ordered from Dowty-Sema and a Ferranti-led consortium. That took over a year and a further half-year was spent clarifying the offers. Dowty-Sema was asked more than 2,000 questions.

Ferranti proposed a system based on 70 microprocessors with more than 100 times the processing power of CACS-4. But Dowty-Sema, in the words of its managing director, Guy Warner, had already "taken that jump." Three years previously it had clinched an £85m contract for a submarine system, using 150 distributed 32-bit processors.

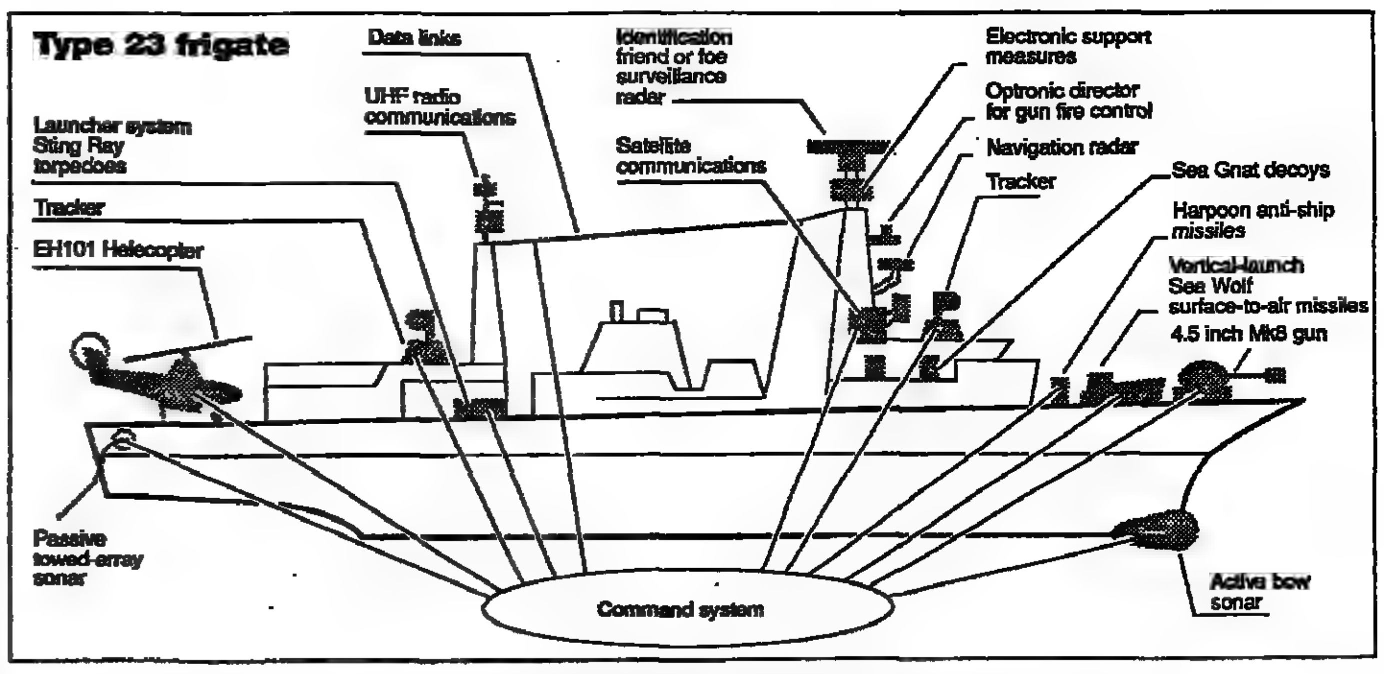
Warner says the new architecture offers big increases in performance and reliability, providing a choice of parallel paths and reducing the risk of failures and breakdown. The processors, taken from the civilian market where technology has outstripped the military, are inherently more reliable because of their world-wide exposure, he says.

The system is designed so that if one console goes down, the functions are available on another, and there will be multiple copies of the software. Flexibility will be built in, with the facility to add or subtract processors.

"Everybody is now moving towards a distributed Ada system," Warner says. But nobody has one working. "We believe we will be the first."

The business brings in £25m a year for Dowty-Sema, but Warner expects this to quadruple in five years. He reckons the world market is around £1bn a year.

Since 1985, the company has been ploughing private venture money into this technology. It will not say how much, but recognises, "if we had not won this, it would have been very bad news."



France makes a point of catching up in the mobile phone race

Two subjects of conversation can be almost guaranteed to crop up at smart dinner parties in Paris these days: violence on the metro and the poor quality of France's mobile telephone network.

Not that the two are linked, though radio telephones can provoke some pretty violent reactions from callers who find themselves cut off as they drive between the small cells dotted around Paris. That problem is being resolved as the public operator, France Télécom, which services more than 90 per cent of France's 150,000 portable telephone users, is recalling 20,000 devices for minor changes to allow "handovers" from one cell to the next. The close on 9,000 subscribers to the rival private network, run by Société Francaise du Radiotéléphone (SFR), do not have this difficulty.

France Télécom does not usually make such mistakes. Mobile telephony is one of the few areas where this otherwise technologically advanced provider of efficient and cheap telecommunications has failed to be in the forefront in Europe. Mobile phones are used by only 0.27 per cent of the French population, as against 1.25 per cent in Britain or 3.68 per cent in mobile-mad Sweden.

"I want 20 times more mobile phones in France," says Jean-Jacques Damlamian, who recently moved from running France Télécom's mobile phone division to become the organisation's industrial director. "We are lagging perhaps 30 months behind the UK and 60 months compared with Scandinavia. But we are increasing the number of subscriptions at the same rate as those countries."

At present, French subscribers have access to two radio telephone services. Radiocom 2000 is provided by France Télécom and operates on network equipment from the French company Matra. The other is from SFR, managed by a subsidiary of Générale des Eaux, the water and services group. It uses equipment from Alcatel of France and Nokia of Finland.

Like their British equivalents, French radio telephones are primarily business tools. The average price of a French car phone has fallen from about FFr 19,000 (£2,000) to around FFr 11,000 over the past year. But that is still much higher than in the UK, where they are sometimes given away.

The next development being prepared by Damlamian and his colleagues is a mass-market public mobile phone service to be called Pointel, which is in some ways similar to Britain's telepoint. France Télécom has a minority stake in Phonepoint, one of the UK's four telepoint networks.

While telepoint only allows customers to make calls within 200 yards of a radio terminal, Pointel will allow people to receive calls as well by logging into local base stations. These will automatically find and re-route calls made to the customer's main phone.

France Télécom is expected to choose two suppliers from a short-list of five, including joint ventures between Ferranti, of the UK, and Alcatel, and between GPT, of the UK, and Dassault of France among others, to set up a 700-terminal pilot network or series of networks in early 1991.

"We have a target of at least 1m users by 1995," says Marc Brussol, project director for Pointel. Unofficial estimates suggest the contracts for the full network could be worth between £70m and £100m.

"We believe that the French Pointel market will be a huge one. We see it as being potentially another Minitel (the public video-text service) in terms of France Télécom's efforts to acquaint the public at large with mobile phones," says Rupert Soames, chairman of GPTelecom, GPT's French operation.

France Télécom is thinking of Pointel as an extension to or even a replacement for the public phone box, though its room for manoeuvre is restricted by the military's unwillingness to release a wide range of frequencies for civil use. "Frankly, I am carrying the burden of providing a new service without knowing whether I can get the spectrum I need. It's not very pleasant and it needs a lot of diplomacy," says Damlamian.

Beyond that, the challenge is to reduce Pointel charges to the level where the total annual cost for using the system is the equivalent of £100 to £200, making it affordable to a wide population.

Damlamian does not plan to follow British Telecom's strategy of identifying terminals with posters. Instead, the aim will be to saturate certain public spaces with terminals, so that users can be sure of being able to make calls near, say, railway stations, traffic lights or large hotels.

France Télécom is not yet convinced about the next generation of mobile phones, called personal communications networks, which would use digital communications and carry a wider range of features than the present radio telephones, such as the ability to transmit computer data.

Damlamian is scornful of the British Government's decision to rush ahead with PCNs. He feels the technology has not been fully developed and that the possible applications have yet to be properly explored.

Moreover, France Télécom, like other continental telecommunications authorities, is not yet sure that it wants to follow the Group Special Mobiles European standards which the British are likely to choose as a base for PCNs. "I don't think a GSM service is really feasible before 1994. The British are taking the risk of taking on a new system without being able to extend it beyond Britain."

Instead of bringing on stream a number of overlapping mobile services, as is happening in the UK, France aims to develop radio telephony, establish Pointel and then see how it can be extended.

It used this strategy successfully for the 5m-user Minitel which is now moving into a new and exciting phase of development on the strength of its huge customer base. Only time will tell whether the policy will also work for mobile phones.

William Dawkins

COMMODITIES AND AGRICULTURE

Bougainville copper mine to be moth-balled

By Kenneth Gooding, Mining Correspondent

THE BOUGAINVILLE mine in Papua New Guinea, which normally accounts for about 3 per cent of the non-Communist world's mine production of copper, is to be moth-balled from next Sunday.

The mine has been out of action since May 15 because of violent attacks by secessionist rebels and the signs are that the two major shareholders expect Bougainville to remain closed for several months.

Some 2,000 employees will be laid off, leaving only 300 at the mine.

Analysts suggest that moving to a "care and maintenance" basis means that the mine will need about six months to reopen once a decision to do so has been made. However, the Bougainville company says it would take only three months.

Redundancy payments will cost more than A$30m (£15m), according to analysts' estimates.

Bougainville's two major shareholders, CRA, with 53.6 per cent, and the PNG Government, with 20 per cent, gave a clear hint they expect the complex political problems that sparked off the violence which closed the mine, to last for some time.

They said they will make available a Kina 45m (about £33m) financing facility by way of shareholder loans for up to two years.

CRA, in which the RTZ Corporation has a 49 per cent stake, will provide about K33.2m and the PNG Government about K11.8m.

No call will be made on the public shareholders in connection with this financing facility.

Bougainville has been held in a state of readiness since May but Mr Don Carruthers, the chairman, said: "Recent events have not improved the security outlook in Bougainville and the board believes it will be some time before conditions are likely to permit a resumption of production. Accordingly, the board has decided that, in order to conserve the company's finances, it must substantially reduce the size of its establishment in Bougainville."

In a normal year Bougainville produces about 180,000 tonnes of copper and some 500,000 troy ounces of gold. In 1989, however, its production was cut to only about 79,000 tonnes of copper and 236,000 ounces of gold.

Bougainville usually provides about 10 per cent of CRA's net profit but its losses since May are estimated to have been nearly A$2m a day.

The company has started court action against four of its insurance companies seeking A$500m in compensation because of the shut-down. The insurers deny liability and the case is set to be heard in the Victoria Supreme Court next month.

LME WAREHOUSE STOCKS (Change during week ended last Friday) tonnes	
Aluminium	−1,900 to 57,500
Copper	+900 to 108,000
Lead	−1,200 to 23,275
Nickel	1,398 to 6,468
Zinc	+3,775 to 80,575
Tin	+210 to 9,020

Tin dispute 'not settled until cheques are cleared'

Bitter ITC creditors are not counting their chickens, **reports Kenneth Gooding**

ABOUT £182.5m will be injected into the International Tin Council's bank account on March 30 by the 22 countries which make up its membership. Within a few seconds all the cash will flow out again to the ITC's 36 creditors. This should bring to an end the bitter, four-year dispute which followed the 1985 collapse of the ITC's tin price support scheme.

"But until the cheques are cleared it is not over," says Mr Ralph Kestenbaum, managing director of Gerald Metals and one of the co-ordinators of the creditor group. However, once the money is in the bank the creditors will drop all claims against the ITC countries.

Mr Kestenbaum suggests there is no obvious reason why the compromise arrangements agreed just before Christmas should not come to a smooth fruition. "But, given the track record of some of the countries involved up to now, you can understand why the creditors still have some reservations," he added.

Another creditor, who says he is nervous about being identified until the money due to his company from the ITC has been banked, comments: "The arrangement is just about acceptable. But none of the creditors think it is entirely satisfactory.

"We will have been waiting four and a half years for our money and we are getting what probably represents only one third of our losses."

Creditors claimed they were owed £513m, including interest lost between March 1986 and March 1989. "There is a quaint notion among some of the countries' representatives that interest does not count," says the creditor. "But in the UK it added up to an additional 39 per cent (of the original debts) when compounded up."

Creditors admit their willingness to accept what they see as a relatively low payment was due mainly to the attitude of the UK courts which indicated that, while the creditors had suffered a grave injustice, the ITC countries could not in law be obliged to pay up.

Mr Kestenbaum says: "The amount was the highest we thought was obtainable and the lowest many of our members would accept. But otherwise we might have spent 100 years in court."

Creditors are still very bitter because some governments seemed willing to provide unlimited cash for the court battles rather than meet their moral obligations. Nobody is yet willing to estimate what the legal bills will be.

The creditors – including 13 banks, 14 London Metal Exchange brokers and two Malaysian smelters – suggest a deal would not have been possible without the efforts of the Canadian Government and its representative Mr Brad Smith, a lawyer and former government official, who against the odds gradually edged recalcitrant countries towards a compromise.

Creditors suggest that, in contrast, the UK and West Germany were particularly unhelpful during the negotiations.

Most of the banks and traders wrote off their ITC debts in 1985 so the March payments will represent an important return for them. However, profitable companies will have to pay tax on the money received and the exchequers of the UK and Malaysia will do particularly well from this.

It is understood that Japan and the UK, the two biggest contributors to the settlement sum, will pay more than their fair share. Japan will contribute about £40m and the UK £30m. Malaysia will provide about £23m, West Germany about £17m and Thailand £8.3m.

Chile set to join top ten gold producers

Barbara Durr outlines development plans that could double precious metals output

RIDING THE crest of Chile's precious metals boom, the country's second largest gold and silver mine, La Coipa, is due on stream in the next six months.

The mine, which belongs Compania Minera Mantos de Oro (MDO), a 50:50 joint venture between Placer Dome of Vancouver and the Toronto-based TVX Mining Corporation, is to produce 7 tonnes of gold and 500 tonnes of silver annually by 1992.

With La Coipa and several other projects now under development, Chile's gold production could rise from 20.6 tonnes in 1988 to 37.5 tonnes in 1992, and silver production could more than double, from 506.5 tonnes in 1988 to 1,111 tonnes in 1992, according to estimates by the National Society for Mining (SONAMI) and the US Embassy.

If all projects come on stream, Chile may become the world's ninth largest gold producer, overtaking Colombia and the Philippines, and the sixth largest silver producer. The country is already the world's largest producer of copper.

Industry experts say that the spurt of precious metals exploration and development stemmed in the early 1980s from the success of the El Indio gold mine. El Indio produced 7.8 tonnes of gold in 1988, 38 per cent of national output. The mine, developed by St Joe Minerals, was bought in 1987 by Bond International Gold and this year Lac Minerals, another Canadian group, bought control of BIG from Mr Alan Bond's private holding company.

The La Coipa deposits have been known for some time and could have been developed earlier but for conflicting mining concession claims. Consolidated Gold Fields of the UK was wrangling with Chilean entrepreneur Mr Francisco Javier Errazuriz. Mr Errazuriz, whose far-flung commercial empire includes banking, mining, agricultural exports and a major retail chain, was a presidential candidate in this year's elections.

Both parties were bought out in 1987 by Mr Eike Batista, the Brazilian major shareholder and chairman of TVX, for a total of $45m. Mr Batista had borrowed money from two Placer Dome financing subsidiaries, but he was running out of money to develop the mine at the end of 1988 and hit on a new deal with Placer Dome. TVX sold half its interest to Placer and together the two companies created Mantos de Oro.

With La Coipa's start-up, TVX is set to become the largest precious metals producer in South America. Along with La Coipa, it has three gold mines in Brazil and its share of output in these mines totalled 65,000 ounces last year.

Currently, MDO is negotiating a $250m international loan for development of La Coipa. The financing for Chile's richest new silver and gold deposit is expected to come through two banks, one US and one European. They will divide the loan equally and syndicate $125m each.

But if the banks shun the deal, Placer Dome itself is expected to finance this sure-fire project, according to Mr William Hayes, MDO's financial chief.

Placer Dome is clearly committed to taking the project forward and, currently flush with cash, is in a position to do so. In 1988, Placer Dome's net earnings reached $262.4m. With La Coipa it will race neck and neck with Newmont Mining of the US for top place among North America's gold producers.

La Coipa, located 800 km north of Santiago near the provincial capital city of Copiapo, consists of three deposits: Ladera, Farrellon and La Coipa Norte. The Ladera and Farrellon deposits have proven and probable reserves of 49.3m tonnes with an average grade of 1.54 grams per tonne gold and 77.14 grams per tonne silver. The La Coipa Norte deposit shows 15.2m tonnes of gold and silver material, with an average yield of 0.27 grams per tonne gold and 122.72 grams per tonne silver.

A 1,000 tonnes-a-day processing plant is already operating at the site, having been begun by Mr Batista. But a larger 15,000 tonnes-a-day plant is under construction and should be in full swing by June.

Mr Batista originally began with the idea of tunnel mining, but Placer Dome changed the strategy to open pit. Production from the large plant will be more than 517,000 ounces gold equivalent in the first two years of production and in excess of 300,000 ounces over the next 10 years. Over the 14-year life of the mine, operating costs are expected to run at $146 per ounce of gold equivalent and it is to produce 2.2m ounces of gold and 141.9m ounces of silver.

Frost deals blow to Mexican coffee crop

By Candace Siegle in Mexico City

COLD WEATHER has dealt a bitter blow to Mexico's coffee industry, as a pre-Christmas frost damaged crops in five of the seven coffee-growing states. The Mexican Coffee Institute estimates that the cold snap will cost the industry $18m.

Agriculture experts are calling 1989 a disaster for Mexican agriculture in general. Spring droughts had already damaged coffee, wheat, corn, sugar cane, vanilla, and chilli crops, which have been further harmed by the freeze. As in other parts of North America, citrus growers are reporting major crop losses due to the extreme cold, and some experts say the damage to citrus in the northern state of Tamaulipas alone could reach $38m. The Agriculture and Hydraulic Resources Secretariat is not yet able to estimate the total damage done to other crops, but the institute sees coffee production down 500,000 bags (60 kg each) for the October to March harvest period. Coffee is the country's biggest agricultural earner.

"This is not a disaster," says Mr Arturo Ortiz of the coffee institute. "The situation is critical, but let's just call this a slowdown."

Mr Ortiz notes that the majority of the coffee affected is export quality, but, looking at the sunny side, he adds that surviving beans can be sold within Mexico. Only 11 per cent of the 650,000 hectares under cultivation has been damaged, he explains, and crops in the two important growing states of Oaxaca and Chiapas appear to have escaped the chill.

According to the institute, 25 per cent of the crop in the states of Vera Cruz, Puebla, Hidalgo and San Luis Potosi were badly damaged and more than $1bn in credit has been earmarked to support growers.

However, coffee expert Mr José Luis Cruz feels the situation could be more drastic. He points out that neither the institute nor the coffee exporters association has been in contact with growers.

Canadian fishermen face severe cuts

Bernard Simon in Toronto

CANADA'S EMBATTLED East Coast fishery has suffered another setback with a sharp cut in cod quotas for 1990.

The Federal Government said yesterday that the northern cod catch off Newfoundland would be limited to 197,000 tonnes this year, down from 235,000 tonnes in 1989. With the inshore quota left intact at 115,000 tonnes, the brunt of the cut will fall on offshore operators.

The new quota is slightly higher than the 190,000-tonne limit suggested earlier by a government task force, and well above the 125,000-tonne ceiling which scientists say is necessary to restore depleted fish stocks in the rich fishing areas off the coasts of Newfoundland and Nova Scotia.

The cod quota for the northern Gulf of St Lawrence has been trimmed from 73,900 tonnes to 55,360 tonnes.

In setting the quotas, Canada has had to balance the need to restore stocks with the impact of cuts on the fragile economy of the Atlantic provinces. Mr Tom Siddon, Fisheries Minister, said yesterday the new quotas were aimed "at managing the human and economic impact of declines in our fish stocks and creating a fishery which is sustainable and viable in the long-term."

The fishing industry employs about 55,000 people in Newfoundland and Nova Scotia. Fishing accounts for more than half of total employment in Newfoundland's goods-producing sector and 15 per cent of its industrial output.

The depletion of the east coast fishery over the past four years is blamed on a variety of factors, notably over-fishing by Portuguese and Spanish trawlers, inadequate conservation measures, and weak enforcement of quotas and international boundaries. Canada launched a strong protest with the European Community last month for setting a 1990 cod quota more than three times the limit proposed by the Northwest Atlantic Fisheries Organisation. Mr Siddon said the Government planned to raise penalties for over-fishing and to expand the powers of fisheries officers. "We are going to make Canada the most expensive jurisdiction in the world for those caught over-fishing," he said.

The problems facing the fishery have already hurt the regional economy. Halifax-based National Sea Products, North America's biggest fishing company, made a C$13.7m (£7.3m) loss in the first nine months of 1988 and recently announced the closure of two plants and 1,500 lay-offs. Newfoundland's largest fish company, Fishery Products International, is also in the red.

About 25 seasonal inshore processing plants are also expected to be hit hard.

Mr Siddon said the Government planned to encourage exploitation of under-utilised stocks, such as silver hake, grenadier and turbot. A pool of 100,000 tonnes has been set aside for these types of fish.

Yemen oil rights awarded

By Victor Mallet

A CONSORTIUM of companies from the US, France, the Soviet Union and Kuwait has overcome stiff competition to win oil exploration rights for the 2,200 square km joint border area between North and South Yemen, according to the Middle East Economic Survey.

MEES said the consortium was composed of Hunt Oil and Exxon with 37.5 per cent, KUFPEC of Kuwait with 25 per cent, CFP-Total with 18.75 per cent, and Soviet companies with the remaining 18.75 per cent. CFP-Total is expected to be the operator for the exploration phase.

The heads of agreement on the deal were signed in Aden by the consortium and the Yemen Company for Investment in Oil and Mineral Resources after lengthy negotiations. A final agreement is expected by the end of this month.

Details of the deal have not been revealed, but MEES said between five and seven exploration wells were envisaged.

WEEKLY METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,680-1,725 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 4.00-4.40 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 5.00-5.20 (5.00-5.25).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 7.50-7.70 (7.45-7.70).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 240-250 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 240-250 (2.47-2.55).

SELENIUM: European free market, min 99.5 per cent, $ per lb, 5.50-6.10 (same).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO, cif, 42-61 (44-61).

VANADIUM: European free market, min. 98 per cent, $ a lb VO, cif, 2.10-2.30 (2.20-2.40).

URANIUM: Nuexco exchange value, $ per lb, UO, 9.20 (same).

WORLD COMMODITIES PRICES

LONDON MARKETS

THE WEAKNESS of platinum, which fell more than $20 an ounce yesterday, unnerved the precious metals sector and took gold below $400 during the day. By the close, however, gold had recovered its earlier losses — dealers said overall sentiment remained constructive but several more days of consolidation could be needed before it moved significantly higher. There was no obvious reason for platinum's decline, although the current low level of US car sales has helped to inspire a bearish mood. On the LME nickel prices continued to retreat, cash metal shedding $387.50 to close at $7,887.50 a tonne — the lowest level for two years. Continued de-stocking has followed a protracted period of negligible fresh steel industry offtake. The premium for cash metal, which technical tightness forced up recently, narrowed to $250 a tonne.

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$17.75-7.85w	+0.40
Brent Blend	$20.58-0.62w	+.375
W T.I (1 pm est)	$22.42-2.45w	+0.63
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$212-214	+9
Gas Oil	$231-232	+4
Heavy Fuel Oil	$107-109	
Naphtha	$186-187	+5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$401.1	
Silver (per troy oz)♣	523c	+1
Platinum (per troy oz)	$476.50	-21.4
Palladium (per troy oz)	$133.10	-1.15
Aluminium (free market)	$1625	
Copper (US Producer)	109⅝-111c	
Lead (US Producer)	39.5c	
Nickel (free market)	365c	-15
Tin (Kuala Lumpur market)	18.38r	-0.22
Tin (New York)	311.5c	-8.5
Zinc (US Prime Western)	73¼c	
Cattle (live weight)†	111.11p	-6.99*
Sheep (dead weight)†	208.82p	-4.24*
Pigs (live weight)†	81.30p	-9.43*
London daily sugar (raw)	$320.2z	-0.8
London daily sugar (white)	$380z	
Tate and Lyle export price	£310.5	-3.8
Barley (English feed)	£118.5	
Maize (US No. 3 yellow)	£131.25	-0.75
Wheat (US Dark Northern)	£130	
Rubber (spot)♥	54.75p	-0.25
Rubber (Feb)♥	57.25p	-0.25
Rubber (Mar)♥	58.25p	-0.25
Rubber (KL RSS No 1 Jan)	224.5m	-1.0
Coconut oil (Philippines)§	$455t	+10
Palm Oil (Malaysian)§	$270	+2.5
Copra (Philippines)§	$280	
Soyabeans (US)	£171	-2
Cotton "A" index	76.90c	+0.05
Wooltops (64s Super)	578p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg y-Oct. x-Dec/Jan. t-Jan/Feb. v-Jan/Mar. w-Feb. z-Jan †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam, ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Mar	631	628	633	627
May	644	639	643	638
Jul	658	654	658	656
Sep	675	670	675	670
Dec	697	693	698	694
Mar	718	714	717	713
May	731		734	725

Turnover: 2559 (2123) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 2 737.36 (732.06):10 day average for Jan 3 734.21 (733.34)

COFFEE – London FOX			£/tonne	
	Close	Previous	High/Low	
Jan	630	633	630	621
Mar	647	643	648	636
May	662	655	662	650
Jul	676	666	676	668
Sep	693	687	695	684
Nov	710	705		
Jan	730	725	720	

Turnover: 3128 (3744) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec 29: Comp. daily 62.84 (62.85). 15 day average 62.15 (62.03)

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Mar	287.80	293.40	293.40	287.40
May	289.80	294.80	294.80	289.00
Aug	287.80	293.00	292.00	287.00
Oct	283.20	286.60	285.00	283.40
Mar	269.40	272.40	272.60	271.40
May	268.00		271.40	
White	Close	Previous	High/Low	
Mar	373.00	374.00	374.00	372.00
May	374.00	376.50	377.00	373.00
Aug	379.50	382.00	383.00	379.00
Oct	355.00	357.00	358.00	357.00
Dec	343.00	346.00	344.00	
Mar	342.50	345.50	344.50	340.50

Turnover: Raw 839 (952) lots of 50 tonnes. White 546 (228)
Paris- White (FFr per tonne): Mar 2186, May 2212, Aug 2270, Oct 2125, Dec 2070, Mar 2075.

CRUDE OIL – IPE			$/barrel	
	Close	Previous	High/Low	
Feb	20.51	20.28	20.55	20.15
Mar	19.90	19.86	19.93	19.57
Apr	19.47	19.25	19.47	19.12
IPE Index	20.25	20.03		

Turnover: 5690 (4498)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Jan	224.25	222.00	225.75	222.75
Feb	208.00	204.50	209.00	204.50
Mar	189.25	188.00	190.00	185.00
Apr	178.25	174.50	179.25	178.25
May	170.00	167.50	170.00	
Jun	169.00	166.00	169.00	

Turnover 5905 (3929)lots of 100 tonnes

JUTE
C and f Dundee BTC $600, BWC $600, BTD $530.BWD $530; c and f Antwerp BTC $585, BWC $575, BTD $515, BWD $505.

LONDON METAL EXCHANGE	(Prices supplied by Amalgamated Metal Trading)					
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 14,800 tonne
Cash	1631-3	1627-8	1629	1628-30		
3 months	1634-5	1629-30	1640/1630	1631-2	1637-8	33,681 lots
Copper, Grade A (£ per tonne)						Ring turnover 24,825 tonne
Cash	1489-90	1513-4	1489/1472	1473-5		
3 months	1499-500	1512-4	1510/1486	1486-7	1509-10	65,851 lots
Lead (£ per tonne)						Ring turnover 10,950 tonne
Cash	444-6	445-6	451/450	450-1		
3 months	440-1	444-5	446/440	444-5	442-3	9,888 lots
Nickel ($ per tonne)						Ring turnover 1,176 tonne
Cash	7875-900	8250-300	7860/7850	7850-60		
3 months	7625-50	7975-8000	7900/7640	7680-90	7625-50	6,346 lots
Tin ($ per tonne)						Ring turnover 270 tonne
Cash	6750-70	6934-6	6860/6850	6810-20		
3 months	6870-90	7050-60	7000/6880	6940-50	6910-5	6,678 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 31,125 tonne
Cash	1320-5	1335-8	1340/1300	1305-10		
3 months	1282-4	1275-80	1298/1265	1275-8	1298-300	14,936 lots
Zinc ($ per tonne)						Ring turnover 5,500 tonne
Cash	1310-20	1300-10		1300-10		
March 30	1250-60	1260-70		1250-60		1,370 lots

LME Closing £/$ rate:
SPOT: 1.6125 3 months: 1.5870 6 months: 1.5596 9 months: 1.5383

POTATOES – BFE			£/tonne	
	Close	Previous	High/Low	
Feb	145.0	149.0	145.0	
Apr	208.0	210.0	210.0	207.5
May	232.0	233.7	232.0	

Turnover 52 (52) lots of 40 tonnes.

SOYABEAN MEAL – BFE			£/tonne
	Close	Previous	High/Low
Feb	139.50		139.50

Turnover 15 (690) lots of 20 tonnes.

FREIGHT FUTURES – BFE			$10/Index point	
	Close	Previous	High/Low	
Jan	1663	1660	1667	1663
Feb	1692	1692	1692	1690
Apr	1692	1688	1694	1690
Jul	1423	1420	1430	1420
Oct	1533	1530		
BFI	1599	1592		

Turnover 120 (287)

GRAINS – BFE			£/tonne	
Wheat	Close	Previous	High/Low	
Jan	114.10	113.35	114.10	113.30
Mar	118.10	117.45	118.10	117.45
May	121.70	121.15	121.70	121.55
Jun	123.20	122.90		
Barley	Close	Previous	High/Low	
Jan	111.20	111.00	111.20	111.00
Mar	113.65	113.30	113.30	
May	115.30	115.10	115.10	

Turnover: Wheat 98 (174), Barley 18 (10).
Turnover lots of 100 tonnes.

PIGS – BFE		(Cash Settlement) p/kg
	Close	Previous High/Low
Apr	108.5	108.0
Jun	109.0	108.5
Aug	108.5	109.0

Turnover 0 (10) lots of 3,250 kg

LONDON BULLION MARKET		
Gold (fine oz)	$ price	£ equivalent
Close	400¾-401¼	248¼-248¾
Opening	402¾-403¼	248¾-249¼
Morning fix	401.65	247.352
Afternoon fix	399.00	246.677
Day's high	403¼-403¾	
Day's low	398-398½	
Coins	**$ price**	**£ equivalent**
Mapleleaf	410-415	254-257
Britannia	410-415	254-257
US Eagle	410-415	254-257
Angel	411-416	255-258
Krugerrand	400-403	248-250
New Sov.	94-96	58¼-59¼
Old Sov.	94-96	58¼-59¼
Noble Plat	482.20-489.85	297.45-302.20
Silver fix	**p/fine oz**	**US cts equiv**
Spot	320.95	521.00
3 months	332.80	531.80
6 months	344.75	542.60
12 months	367.10	563.25

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1550	87	98		12
1650	2	37	15	50
1750		9	113	120
Copper (Grade A)	Calls		Puts	
2300	102	133		49
2400	12	80	10	93
2500		43	96	155
Coffee	Mar	May	Mar	May
600	55	73	9	12
650	26	41	30	30
700	8	27	62	66
Cocoa	Mar	May	Mar	May
600	44	64	13	21
650	19	37	38	44
700	5	19	75	76
Brent Crude	Feb	Mar	Feb	Mar
1950		81	1	39
2000	57	52	6	
2050	23	32	22	

US MARKETS

THE METAL MARKETS all began the new year with lower prices due mostly to a sharp increase in the U.S. dollar, reports Drexel Burnham Lambert. Platinum posted the biggest decline on follow through selling from last week. Fund buying lifted the copper after early weakness. In the softs, trade activity near the close forced sugar prices down. Volume for the day was very light. Speculative buying firmed coffee futures. Cocoa trading featured mostly commission house action before closing up 4, basis March. The grains had technical selling in the soy complex. Corn and wheat futures also eased in lesser volume. Good rainfall was noted in mid-western United States and Brazil. The livestocks all featured very quiet sessions. Orange juice prices continued to rise reflecting the cold weather. Sell-stops pushed the cotton market lower.The energy complex remained active. The near-term shortage of gasoline helped futures prices gain. Heating oil was also up but volume was down from previous sessions. Crude oil rose sharply from spillover buying. Prices closed over the $22 dollar level.

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Jan	399.6	402.5	0	0
Feb	402.1	405.2	404.6	400.2
Mar	404.5	407.6	0	0
Apr	407.1	410.3	409.3	405.3
Jun	411.9	415.2	414.2	410.6
Aug	416.3	419.7	0	0
Oct	420.9	424.4	420.5	420.5
Dec	425.6	429.3	427.5	424.0
Feb	430.6	434.5	432.2	429.5

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jan	474.2	487.3	476.5	470.0
Apr	482.2	496.3	485.0	479.5
Jul	487.4	501.5	489.5	488.0
Oct	493.9	508.0	497.0	493.0
Jan	499.9	514.0	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Jan	516.3	520.6	517.0	517.0
Feb	521.2	523.2	521.0	520.0
Mar	525.3	527.3	535.0	522.5
May	533.0	535.0	542.5	531.0
Jul	540.7	542.7	549.5	539.0
Sep	548.6	550.6	557.0	547.0
Dec	559.7	561.7	568.0	557.0
Jan	563.1	565.1	0	0
Mar	571.1	573.1	575.0	570.0
May	578.8	580.8	579.0	579.0

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Jan 2	Dec 29	mnth ago	yr ago
	1806.4	1818.1	1831.4	1980.2
DOW JONES (Base: Dec. 31 1974 = 100)				
	Dec 29	Dec 28	mnth ago	yr ago
Spot	127.44	127.28	129.80	143.06
Futures	129.37	129.30	131.24	145.67

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	106.80	106.95	106.75	105.10
Feb	106.70	106.70	106.65	106.65
Mar	106.20	106.40	106.40	104.30
Apr	105.50	105.80	0	0
May	104.80	105.20	105.00	103.50
Jun	104.30	104.70	103.00	103.00
Jul	103.85	104.25	103.50	103.00
Aug	103.40	103.80	102.50	102.50
Sep	102.90	103.35	102.80	102.60
Oct	102.40	103.00	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Feb	22.67	21.92	22.70	21.79
Mar	22.28	21.49	22.30	21.47
Apr	21.88	21.16	21.88	21.15
May	21.46	20.83	21.46	20.83
Jul	20.70	20.29	20.70	20.29
Aug	20.40	20.05	20.40	20.17
Oct	19.86	19.74	19.90	19.79
Nov	19.88	19.88	19.88	19.67

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Feb	7630	7525	7630	7415
Mar	6550	6378	6550	6300
Apr	6075	5957	6080	5960
May	5780	5672	5780	5550
Jul	5550	5472	5550	5480
Aug	5595	5517	5595	5570

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	929	925	938	924
May	934	933	944	930
Jul	948	948	954	943
Sep	966	965	971	964
Mar	1005	1006	1010	1010
May	1013	1014	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	80.56	79.57	81.20	79.15
May	82.52	81.45	82.90	81.25
Jul	84.60	83.00	84.75	83.25
Sep	86.30	84.90	86.75	85.10
Dec	89.65	88.90	89.60	89.25
Mar	91.75	92.50	0	0
May	93.75	93.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	12.45	13.66	12.67	12.00
Mar	13.02	13.16	13.28	13.00
May	13.07	13.21	13.30	13.05
Jul	12.92	13.06	13.16	12.92
Oct	12.71	12.79	12.90	12.70
Mar	12.25	12.32	12.42	12.25
May	12.17	12.22	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	68.34	69.07	69.00	68.07
May	68.65	68.49	69.20	68.50
Jul	68.65	69.40	69.05	68.50
Oct	64.76	65.20	64.98	64.60
Dec	63.55	63.95	63.76	63.40
Mar	64.20	64.70	0	0
May	64.90	65.50	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	170.25	165.65	171.00	165.65
Mar	168.05	160.05	168.05	166.05
May	167.00	159.00	167.00	167.00
Jul	168.10	160.10	168.10	168.10
Sep	167.00	159.00	167.00	167.00
Nov	166.25	158.25	168.25	166.00
Jan	163.50	155.50	162.50	162.00
Mar	163.50	155.50	0	0
May	163.50	155.50	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Jan	561/2	568/0	567/2	560/4
Mar	575/6	582/2	582/0	575/0
May	590/0	596/0	594/6	589/0
Jul	602/2	608/2	607/4	601/4
Aug	605/6	614/0	610/2	605/0
Sep	607/0	615/0	612/0	607/0
Nov	613/4	618/0	618/0	613/0
Jan	622/4	629/4	627/4	622/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jan	18.43	18.70	18.70	18.39
Mar	18.87	19.19	19.20	18.86
May	19.32	19.60	19.57	19.29
Jul	19.64	19.88	19.85	19.60
Aug	19.70	19.95	19.95	19.70
Sep	19.85	20.06	20.06	19.85
Oct	19.97	20.15	20.10	19.96
Dec	20.00	20.17	20.20	20.00

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Jan	179.7	181.6	181.5	179.3
Mar	179.8	181.4	181.4	179.2
May	179.7	181.4	181.5	179.3
Jul	181.9	183.4	183.9	181.6
Aug	182.7	184.1	184.0	182.7
Sep	183.7	184.7	185.0	183.7
Oct	184.8	185.0	186.0	184.8
Dec	187.5	187.2	188.2	187.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	237/6	239/6	239/0	237/4
May	243/6	245/4	245/0	243/4
Jul	248/0	249/6	249/2	247/6
Sep	245/4	249/2	248/4	245/4
Dec	245/4	247/6	247/6	245/0
Mar	251/4	254/0	254/0	251/4

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	408/6	409/2	410/6	407/2
May	387/2	387/6	389/4	386/2
Jul	359/6	358/4	360/4	357/4
Sep	364/4	365/4	365/4	363/0
Dec	375/4	376/0	376/4	375/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	77.45	77.37	77.62	77.20
Apr	75.85	75.67	75.95	75.60
Jun	72.12	71.87	72.15	71.80
Aug	71.35	71.22	71.42	71.22
Oct	71.20	71.20	71.30	71.10
Dec	72.20	72.25	72.40	72.10

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Feb	48.72	48.70	48.85	48.30
Apr	45.22	44.87	45.25	44.55
Jun	48.55	48.62	48.70	48.25
Jul	48.80	48.87	48.95	48.52
Aug	47.65	47.75	47.70	47.42
Oct	43.30	43.50	43.60	43.30
Dec	45.00	45.27	45.30	44.90

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	49.95	49.90	50.22	49.62
Mar	49.95	49.90	50.20	49.62
May	51.02	50.66	51.10	50.60
Jul	51.25	51.05	51.50	50.85
Aug	50.20	49.50	50.45	49.55
Feb	52.20	51.66	52.60	0

LONDON STOCK EXCHANGE

Market baulks at its all-time high

HOPES THAT the first trading session of the New Year would see the UK stock market pushing forward to new peaks were dashed yesterday, but only just. Despite a new warning on domestic interest rates from Mr John Major, the Chancellor of the Exchequer, the market gained 20 FT-SE points in early trading but then faltered on the very brink of a new all-time high and reacted sharply to an erratic opening on Wall Street.

The keynote remained the sluggish level of turnover. Seaq volume reached only 329.5m shares for the full session, and was noticeably thin at the opening when market indices were at their best. The pace of activity quickened as the session wore on and profits were taken on the sharp rises of the Christmas and New Year period.

The lack of business lay behind the volatility of prices for leading stocks which caused the Footsie Index to lose most of its early gains when Wall Street opened lower, only to rally in the closing minutes as the New York market put on a better face.

At its final reading, the FT-SE Index was 11.4 points up at 2,434.1. Last year's peak of 2,426 was easily penetrated in early trading but the day's best level of 2,443.3 was just 0.1 short of the all-time closing high reached on July 16 1987.

Market analysts were cautious of reading too much into such a thinly-traded market. The Chancellor's new year message, in an interview with the Financial Times, was "hard for equities to resolve", commented Mr Bill Smith of Prudential-Bache. The message seemed to be, added Mr Smith, that the authorities believe that the economy is slowing significantly but that interest rates will not fall yet. "The traditional knee-jerk January buying seemed to lack conviction this year," he added.

The initial advance in equities owed much to the crop of New Year recommendations from the investment press and analysts at the securities houses. There were few surprises in these lists, where the recently-privatised water issue stocks found universal mention. Today the companies can see their first official lists of shareholders, and the market is agog for the disclosure of stakes already built up by European and other overseas interests.

Investment interest was very selective yesterday, and across the broad range of the market the mood seemed one of caution. Sharp gains among building stocks reflected very slender turnover, and last week's advances in insurance issues came in for profit-taking.

"Maybe we are not going to see the big January upturn this year," said Mr Paul Harrison at Salomon International. "There were absolutely no sellers in the market, but we did not see much pressure to buy either."

Account Dealing Dates

First Dealings:	Dec 27	Jan 15	Jan 29
Option Declarations:	Jan 11	Jan 25	Feb 8
Last Dealings:	Jan 12	Jan 26	Feb 9
Account Day:	Jan 22	Feb 5	Feb 19

New time dealings may take place from 9.00 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Jan 2	Dec 29	Dec 28	Dec 27	Dec 22	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	84.20	84.29	84.16	84.26	84.49	86.85	89.29 (8/2/89)	82.93 (4/12/89)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.74	92.52	92.53	92.67	92.67	95.97	99.59 (15/3/89)	92.02 (8/12/89)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1934.1	1916.6	1898.2	1898.9	1868.2	1447.8	2008.6 (5/9/89)	1447.8 (3/1/89)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	309.5	309.1	314.9	311.1	312.9	160.7	317.8 (13/12/89)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2434.1	2422.7	2388.8	2395.8	2382.0	1782.8	2434.1 (2/1/90)	1782.8 (3/1/89)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.41	4.45	4.50	4.50	4.57	5.06				
Earning Yld %(full)	10.79	10.90	11.01	11.02	11.17	12.78				
P/E Ratio(Net)(*)	11.22	11.11	10.99	10.89	10.83	9.44				
SEAQ Bargains(5pm)	32,559	23,347	27,151	17,817	22,898	18,259				
Equity Turnover(£m)†	-	688.38	793.69	416.04	739.55	407.56				
Equity Bargains†	-	29,910	27,692	18,330	30,538	13,186				
Shares Traded (ml)†	-	323.5	383.7	203.6	403.9	183.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. * Nil 11.16

Ordinary Share Index, Hourly changes — Day's High 1935.6 — Day's Low 1928.2

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1939.2	1930.7	1930.9	1932.4	1932.7	1931.0	1929.4	1931.4

FT-SE, Hourly changes — Day's High 2443.3 — Day's Low 2425.5

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2442.4	2435.5	2436.2	2436.4	2437.9	2435.3	2425.5	2432.3

GILT EDGED ACTIVITY

Indices	Dec 29	Dec 28
Gilt Edged Bargains	42.0	47.4
5-Day average	46.0	52.4

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request. London report and latest Share Index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ADT	[illegible]	[illegible]	[illegible]	Comm. Union	[illegible]	[illegible]	[illegible]	Lloyds Bank	[illegible]	[illegible]	[illegible]	Sears	[illegible]	[illegible]	[illegible]
ASDA Group	[illegible]	[illegible]	[illegible]	Cookson	[illegible]	[illegible]	[illegible]	LASMO	[illegible]	[illegible]	[illegible]	Sedgwick	[illegible]	[illegible]	[illegible]
Abbey National	[illegible]	[illegible]	[illegible]	Courtaulds	[illegible]	[illegible]	[illegible]	Lonrho	[illegible]	[illegible]	[illegible]	Shell Transport	[illegible]	[illegible]	[illegible]
Allied-Lyons	[illegible]	[illegible]	[illegible]	Dalgety	[illegible]	[illegible]	[illegible]	Lucas	[illegible]	[illegible]	[illegible]	Siebe	[illegible]	[illegible]	[illegible]
Amstrad	[illegible]	[illegible]	[illegible]	De La Rue	[illegible]	[illegible]	[illegible]	MB Group	[illegible]	[illegible]	[illegible]	Slough Ests.	[illegible]	[illegible]	[illegible]
Argyll Group	[illegible]	[illegible]	[illegible]	Dixons	[illegible]	[illegible]	[illegible]	MEPC	[illegible]	[illegible]	[illegible]	Smith (W.H.) A	[illegible]	[illegible]	[illegible]
Ass. Brit. Foods	[illegible]	[illegible]	[illegible]	Eng. China Clays	[illegible]	[illegible]	[illegible]	Marks & Spencer	[illegible]	[illegible]	[illegible]	Smith & Nephew	[illegible]	[illegible]	[illegible]
BAA	[illegible]	[illegible]	[illegible]	Enterprise Oil	[illegible]	[illegible]	[illegible]	Maxwell Comm.	[illegible]	[illegible]	[illegible]	SmithKline Beecham	[illegible]	[illegible]	[illegible]
BAT Inds.	[illegible]	[illegible]	[illegible]	FKI	[illegible]	[illegible]	[illegible]	Mecca Leisure	[illegible]	[illegible]	[illegible]	SmithKl. Beecham Units	[illegible]	[illegible]	[illegible]
BET	[illegible]	[illegible]	[illegible]	Ferranti	[illegible]	[illegible]	[illegible]	Midland Bank	[illegible]	[illegible]	[illegible]	Standard Chartd.	[illegible]	[illegible]	[illegible]
BICC	[illegible]	[illegible]	[illegible]	Fisons	[illegible]	[illegible]	[illegible]	NatWest Bank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BOC	[illegible]	[illegible]	[illegible]	Gen. Accident	[illegible]	[illegible]	[illegible]	Next	[illegible]	[illegible]	[illegible]	Storehouse	[illegible]	[illegible]	[illegible]
BPB Inds.	[illegible]	[illegible]	[illegible]	General Elect.	[illegible]	[illegible]	[illegible]	Northern Foods	[illegible]	[illegible]	[illegible]	Sun Alliance	[illegible]	[illegible]	[illegible]
BTR	[illegible]	[illegible]	[illegible]	Glaxo	[illegible]	[illegible]	[illegible]	P & O	[illegible]	[illegible]	[illegible]	Sun Life	[illegible]	[illegible]	[illegible]
Barclays	[illegible]	[illegible]	[illegible]	Globe Inv.	[illegible]	[illegible]	[illegible]	Pearson	[illegible]	[illegible]	[illegible]	TI Group	[illegible]	[illegible]	[illegible]
Bass	[illegible]	[illegible]	[illegible]	Grand Met.	[illegible]	[illegible]	[illegible]	Pilkington	[illegible]	[illegible]	[illegible]	TSB	[illegible]	[illegible]	[illegible]
Beazer	[illegible]	[illegible]	[illegible]	Granada	[illegible]	[illegible]	[illegible]	Polly Peck Int.	[illegible]	[illegible]	[illegible]	Tarmac	[illegible]	[illegible]	[illegible]
Blue Arrow	[illegible]	[illegible]	[illegible]	GUS A	[illegible]	[illegible]	[illegible]	Prudential	[illegible]	[illegible]	[illegible]	Tate & Lyle	[illegible]	[illegible]	[illegible]
Blue Circle	[illegible]	[illegible]	[illegible]	GKN	[illegible]	[illegible]	[illegible]	RHM	[illegible]	[illegible]	[illegible]	Taylor Woodrow	[illegible]	[illegible]	[illegible]
Boots	1,800	274	+1	Guinness	732	604	-2	RMC	82	714	+20	Tesco	1,700	197	
Brit. & Comm.	397	86		Hammerson 'A'	91	848	-5	RTZ	1,000	595	+4	Thames Water	6,000	161	+3
Brit. Aerospace	1,000	604	-1	Hanson	5,300	228½	+3	Racal	2,200	246	+3	THORN EMI	48	779	+2
British Airways	9,000	232	+4	Hanson Warrants	1,300	59	+2½	Racal Telecom	247	401	+7	Trafalgar House	1,600	349	+9
British Gas	3,100	243	+6	Harrisons Cros.	257	169	-3	Rank Org.	303	885	+8	Trusthouse Forte	542	310	-1
British Land	115	382	-2	Hawker Sidd.	182	714	+13	Reckitt & Colman	108	1277		Ultramar	1,000	372	-1
BP	3,300	339	+1	Hillsdown	1,400	281	+8	Redland	235	561	+7	Unigate	245	357	-1
British Steel	1,700	187½	+2½	IMI	257	327	+8½	Reed Int.	1,500	446	+2	Unilever	690	732	+3
British Telecom	4,600	312½	+3½	ICI	1,330	1144	+10	Reuters	380	1016	-8	United Biscuits	1,100	382	-2
Bunzl	481	169	+1	Inchcape	1,000	375	+2	Rolls Royce	835	195	+2	Utd. Newspapers	183	487	-4
Burmah Oil	505	893		Jaguar	1	847		Rothmans	15	672	+1	Wellcome	135	783	+3
Burton	372	207	+1	Kingfisher	91	305	+2	Ryl Bk Scotland	1,900	215	+4	Whitbread 'A'	459	380½	-½
Cable & Wire.	1,500	557	+5	Ladbroke	915	340	-1	Royal Insurance	1,200	575	-4	Williams Hldgs.	258	269	+2
Cadburys	893	347	+1	Land Securities	347	533	-4	STC	546	317	+2	Willis Faber	518	282	-3
Calor Group	219	478		Laporte	133	483	-1	Saatchi	718	267	+18	Wimpey	384	288	+1
Carlton Comms.	123	786	-6	Legal & General	576	425	+2	Sainsbury	430	365	-3				
Coats Viyella	208	144	+1	Lloyds Abbey	385	319	-1	Scottish & New.	285	353	-1				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Water again in demand

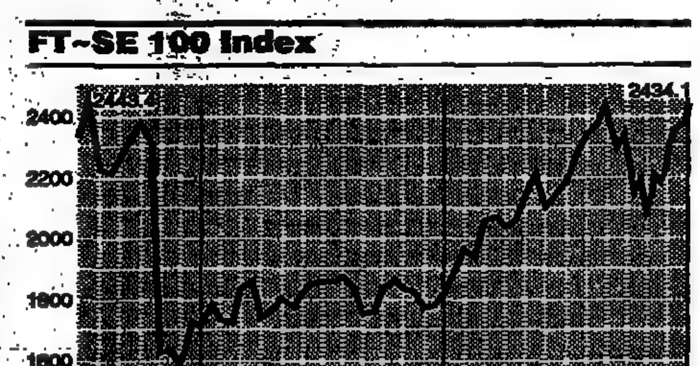
The recently-privatised water industry stocks were among the market's more active areas with marketmakers and analysts awaiting news of further stakebuilding by UK and overseas institutions. As one specialist put it: "From today the 10 water companies will be receiving their first lists of shareholders. And you can bet your life that the companies will scrutinise these very closely. There should be plenty of Section 212 notices winging their way to France, via certain stockbrokers. I can't believe Generale des Eaux, among others, haven't been picking up shares in a number of the water groups."

"Apart from that," he added, "the companies are all scheduled to release interim results next week, and these could include some interesting disclosures." On December 18 Lyonnaise des Eaux revealed it had acquired a 9 per cent stake in Anglian Water, a 6 per cent holding in Wessex Water and a 2 per cent holding in Severn Trent Water.

Shares in all ten water stocks made further progress yesterday with gains ranging up to 5p, as in Welsh Water, which closed at 162p after turnover of 1.6m. The biggest activity of 6m shares was in Thames, which settled 3 firmer at 161p after the company's inclusion in the FT-SE 100-share index, bringing plenty of demand from index-tracking funds.

There was also good interest in Severn Trent, which edged up to 144½p on 4.7m. North West, with 4.1m shares traded, rose 4 to 154p and Yorkshire 3 to 177p on 1.3m. The Package advanced 27 points to £1615, after £1620.

FT-SE 100 Index



De La Rue active

Dealers in Maxwell Communications and De La Rue were *swamped in late trading* by stories, emanating from the US, that Scitex, a Maxwell subsidiary, had sold its 3.5 per cent *stake in De La Rue. Trading* continued in an atmosphere of uncertainty as the market waited for an official statement and an *indication* of who the buyer might be.

That confirmation of the sale duly came, leaving Maxwell shares *4 off* at 223p by the close. Turnover fell just short of 1m, above average *for* the stock.

De La Rue firmed 5 to 306p, well below the 315p-a-share price said to have been paid for the stake and held back by doubts as to the buyer's intentions. Speculation that the buyer might use the stake as the basis for a bid were not dispelled until after the new owner of the stake was revealed to be Bishopsgate Investment Trust, a Maxwell investment vehicle.

Ratners shine

Analysts and dealers were united in their applause for details of December trading from jewellery retailing group Ratners. The share price had been erratic in the few weeks ahead of Christmas, the most important trading period for the retailer.

Analysts had been divided over whether Ratners' combination of a dominant market position and low ticket prices would be enough to shield it from the downturn feared elsewhere in retailing.

Ratners pushed 5 better to 268p, but the shares were held back, said dealers, by uncertainty over whether margins had suffered in the effort to boost sales. Mr Nick Bubb, analyst at Morgan Stanley, said that he did not believe this to be so. He was not changing his profit forecast for the current year of £110m "but we hope we'll be pleasantly surprised."

Mr Keith Wills of Goldman Sachs also took a positive tone, but pointed out: "You do not re-rate a share on the basis of a few weeks' trading."

Stores had a good day, largely on the back of positive comments from the Chancellor of the Exchequer in the morning press. Marks and Spencer and *Body Shop, perceived to be* the quality stock and the environmental stock respectively were most sought after. They rose 3½ to 204p and 17 to 604p respectively.

Good December sales figures from Ratners helped newsagency chains John Menzies and W H Smith. The reason, said dealers, was that all three sell low ticket products which are less vulnerable to cutbacks in consumer spending.

The food retailing sector was quiet as dealers waited for trading news from the Christmas and New Year period. One analyst said that in the run-up to Christmas, business had at first been slower than expected, but that in the last week sales had picked up.

Other analysts remained cautious of the sector as they were not sure whether the late surge had compensated for the initial weakness. Furthermore, sales reports from the last week of the year had also to emerge, and this was another reason for avoiding hasty conclusions on this key period, they said. Sainsbury finished 3 lower at 365p, while Tesco was unchanged at 197p. Asda added 1¼ to 117p on positive press comment.

The announcement by Tate & Lyle that it had sold its US and Canadian motor components business for $179.5m and would use the proceeds to reduce its borrowings was received positively by the market. "It was a relief," one dealer said.

Mr Richard Workman at Hoare Govett said the deal would take Tate nearly half way towards meeting its debt reduction target for this year. "It shows Tate's big borrowing reduction is going to happen this year," he said. Tate closed 3 higher at 290p.

Unilever gave up early gains as sterling recovered against the weakening D-Mark. It closed 4 firmer at 732p, having traded at 738p at one stage. Unigate slipped a penny to 357p as a stock shortage eased.

British Gas extended its recent good performance, closing a further 6 up at 243p on turnover of 3.1m. The Kleinwort Benson oil team labelled the stock one of its three shares of the year for 1990, saying that "with many of the segments of the UK economy going into a slow-down, a stock such as Gas, which will be able to sustain dividend growth of 15 per cent per year over the next five years, should be seen as a growth stock." Hardy Oil & Gas, also tipped by Kleinwort, moved up 7 to 191p.

Leading oils were barely changed and generally quiet, despite the latest upturn in crude oil prices which continued to respond to cold weather in the US.

A bear squeeze was said to have been responsible for the rise in Caird Group. The shares gained 9 to 483p.

Some of the property leaders lost ground on press reports of the impact of the Government's new rating system on the retail sector, particularly in London. Analysts said it was "an old story" but the size of some companies' rate bills had led to unease. Land Securities and MEPC both dropped 4 to 533p.

Royal Bank of Scotland put on 4 to 215p on turnover of 1.9m with activity boosted by a cross of around 500,000 shares, *but turnover elsewhere in the* banks was small. First National Finance hardened 2 to 243p ahead of today's preliminary figures which are expected to show profits of in the region of £73m.

Composite insurance issues suffered from profit-taking with one dealer noting widespread disappointment in the market with the £200m purchase by French company GAN of the UK group General Portfolio; "that could well have been the big bid the market has been expecting for some months," said one dealer. Commercial Union and Royal Insurance lost 4 apiece to 527p and 575p while Guardian Royal dipped 3 to 261p.

The building sectors were among the market's best performers with dealers reporting that an acute bear squeeze responsible for some outstanding rises. RMC were typical of the day's events, the shares climbing 20 to 714p as only a pitiful 82,000 shares changed hands. Many of the house-builders displayed good gains; Westbury added 14 at 225p, and Wilson (Connolly) 8 to 173p.

Higgs & Hill, the construction group on the end of a takeover bid from YJ Lovell, were 6 higher at 461p after releasing its final defence document. Lovell now has until Saturday to increase its bid.

Stanley Leisure moved erratically on news of its acquisition of eight UK casinos. The shares were briefly firm then shed several pence before recovering late to finish 7 better on the day at 243p. Analysts, by contrast, said the deal was good for Stanley. "It is a sensible price and it will be earnings enhancing in the first full year," said Mr Peter Hilliar of BZW. Mr Roy Owens of Kitcat & Aitken blamed the temporary weakness on caution after recent rises – the shares had bottomed at 201p on December 5.

Fairline Boats extended their recent advance ahead of the Boat Show which opens at London's Earl's Court tomorrow. The shares closed 25 better at 718p.

Saatchi and Saatchi gained on the back of late buying in New York last Friday, leaving the shares 18 better at 267p by *the close. Steady trading in* Bowater uncovered a bear position and the shares rose 11 to 555p. Globe Investment Trust made its debut on the FT-SE 100 and slipped a ½ to 195p.

Global Group, the importer and exporter of meat products whose shares were suspended prior to the recapitalisation in November, were re-quoted at 30p and quickly moved to 34p before settling at 32p.

Specialists noted solid buying interest for British Telecom which moved up 3½ to 312½p on good turnover of 4.6m shares. Racal Telecom also progressed, closing 7 to the good at 401p.

British Aerospace eased on weekend press comment that *profits from the company's* Rover subsidiary were expected to fall short of previous BAe forecasts. After falling to 599p, the shares rallied to close a penny down on the day at 604p.

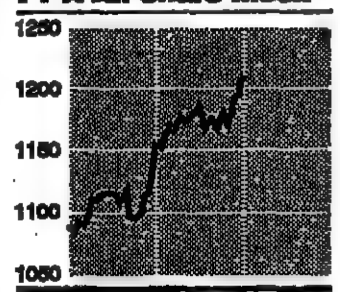
Vickers went against the market trend and slipped 5 to 206p. An analyst said: "Vickers is dead in the water. We have to wait for almost a year in anticipation of probably disappointing news on the Challenger 2 tank (for which Vickers have the development contract) because of the outbreak of peace in Europe. Also, Sir Ron Brierley appears to be trapped as no one will take on his 16.6 per cent stake until the the Challenger decision is known."

Bullish press comment and talk of a possible early morning raid today, sent shares in Lucas racing up 20 to 665p.

T & N rose 7 to 213p as the company continued to be surrounded by talk of a possible bid from a French company.

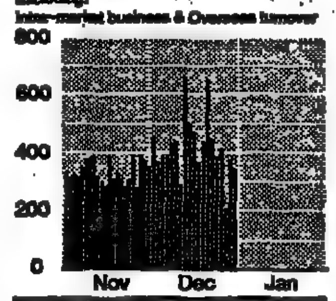
■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 18

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (126).
BRITISH FUNDS (11) LOANS (1) AMERICANS (6) CANADIANS (3) BANKS (14) BREWERS (1) BUILDINGS (3) STORES (2) ELECTRICALS (6) FOODS (2) INDUSTRIALS (13) AAH, Amer. Bus. Sys., Astra AB, BOC, BTR Wrnts., Barry Wehmiller, Bowmore Int'l., CRT, [illegible], Glaves, Photo-Me, Syltone, Unilever, INSURANCE (12) LEISURE (1) MOTORS (1) NEWSPAPERS (1) PAPERS [illegible] (1) PROPERTY (1) TRANSPORT (3) TRUSTS [illegible] OILS [illegible] OVERSEAS TRADERS (3) MINES (2).
NEW LOWS (31).
AMERICANS (3) CANADIANS (3) BUILDINGS (3) CHEMICALS (2) STORES (1) ELECTRICALS (2) FOODS (1) INDUSTRIALS (4) Apollo Watch Prods., Benson, Westmst. Widney, INSURANCE (1) PAPERS (1) PROPERTY (2) SHOES (1) TRUSTS (1) OILS (5) MINES (3) THIRD MARKET (1).

APPOINTMENTS

Blue Circle US president

Mr Keith Orrell-Jones *(pictured right)* has left ARC, aggregates subsidiary of Consolidated Gold Fields, to become president of BLUE CIRCLE HOLDINGS INC, the UK cement group's US holding company, *writes John Thornhill.* He will also become a main board director of Blue Circle Industries. Mr Orrell-Jones was previously chief executive of ARC and a board director of Consolidated Gold Fields. His move follows less than five months after Consolidated Gold Fields was taken over by Hanson, the acquisitive conglomerate. He succeeds Mr John Bourdeaux who has resigned.

■ BRITISH AEROSPACE has appointed *Dr Ian A.M. Hall,* managing director of British Aerospace (Military Aircraft), to a new post where he will be responsible for strategic planning for the aerospace companies. He has been succeeded by Mr John P. Weston. Mr Weston was director-in-charge, Saudi Arabian operations.

■ The Governor of the Bank of England has appointed Sir Adrian Cadbury, chairman of Cadbury-Schweppes 1975-1989, as a member of the PANEL ON TAKEOVERS AND MERGERS.

■ Mr T.D. Carpenter has been appointed a deputy chairman of E.W. PAYNE.

■ Mr Paul Nicholson, Vaux *Group chairman, Mr Ian* McCutcheon, 30 years with Shell and now a non-executive director of Britoil, and Mr *Stuart Errington,* until recently Mercantile Group chairman and chief executive, have been appointed non-executive directors designate to the board of the future NORTHERN ELECTRIC.

■ MAJEDIE INVESTMENTS has appointed Sir Richard Baker Wilbraham as a *non-executive director.* He recently retired from J. Henry Schroder Wagg & Co. Among other posts he is deputy *chairman of Bibby Line Group,* a trustee of Grosvenor Estates, and a director of Brixton Estate.

■ Mr Peter Dunscombe and *Mr William Mather become* joint managing directors of IMPERIAL INVESTMENTS, pension fund investment management subsidiary of Hanson, from April 1. They both joined Imperial in the mid-1970s and were appointed directors in 1987. Mr Norman Ferguson retires as managing director on March 31. He becomes an adviser and will be appointed a director of the trustee company, Imperial Group Pension Trust.

■ Mr Patrick Barrett has been appointed deputy chairman of PORTER CHADBURN. Mr Paul Lines, company secretary and director, has resigned, and will leave the group at the end of January.

■ Mr G.M. Harrison has succeeded Mr I.A. Glendinning as managing director of SIMON-HORIZON. Mr P. Haskey has been appointed director geophysics with responsibility for research and development, following the resignation of Mr P.W.G. Duke. Both Mr Glendinning and Mr Duke are taking posts outside the group. Mr N.A.M. Campbell has been promoted to financial director from chief accountant. Mr M.A. Ferrett has been appointed marketing *director. He joins from* Gaffney, Cline and Associates.

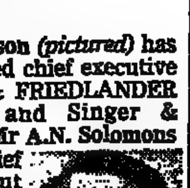
■ Mr Mark Hardinge and Mr Andrew P. Newman will be joining R.K. CARVILL & CO as divisional directors from April 1.

■ LUNCHEON VOUCHERS, *part of the Accor Group, has* promoted Ms Sue Harvey from sales and marketing director to managing director. She introduced the employee benefit scheme, Childcare Vouchers.

■ ALLIED DUNBAR ASSURANCE, part of BAT Industries, has promoted Mr Jerry Grayburn and Mr Peter *Stemp to the new management* level of senior executive director. Mr Grayburn will be responsible for marketing and sales training, and Mr Stemp for personnel, premises and services.

Merchant bank chief executive

Mr John Hodson *(pictured)* has been appointed chief executive of SINGER & FRIEDLANDER HOLDINGS and Singer & Friedlander. Mr A.N. Solomons retires as chief executive but remains chairman of both companies and of Singer & Friedlander Group. Mr Hodson and Mr Michael Mellish have been appointed joint deputy chairmen of Singer & Friedlander Investment Management. Mr Peter W. Burditt becomes a director of Singer & Friedlander. He is based at the bank's Bristol office.



FT LAW REPORTS

Digest of Michaelmas Term cases

From October 10 to October 25

REGINA v INLAND REVENUE COMMISSIONERS EX PARTE CAMACQ CORPORATION AND ANOTHER
(FT, October 10)

Camacq, an American company, wished to acquire the whole share capital of a British company. However, unless it acquired not less than 80 per cent of the shares by August 3 1989, Camacq and its parent company might face US tax liabilities of $10m. It acquired 70 per cent of the shares and the remaining 30 per cent included 20 per cent held by an escrow agent for the benefit of the US treasury. The Revenue authorised the proposed dividend direct to the escrow agent thus bypassing the procedure payment to the Revenue but the Revenue then revoked that direction. Judicial review of *that decision was refused at* first instance, and in dismissing the appeal against refusal, the Court of Appeal held that there was no binding rule that the Revenue must give consent to payment of the amount of tax credit by the company direct to a foreign sovereign. It had given such authorisation, but on further matters coming to its notice which made it doubt whether it was right to have done so, the Revenue was entitled to revoke it.

COMMISSIONERS OF CUSTOMS AND EXCISE v SALEVON LTD; COMMISSIONERS OF CUSTOMS AND EXCISE v HARRIS AND ANOTHER
(FT, October 11)

When Salevon Ltd was acquired the managing director was unaware that it owed £24,000 in VAT because cheques for that amount had been drawn but not paid by the former company secretary. The tribunal refused to accept the Commissioners' contention that Salevon did not have "reasonable excuse" for its arrears under section 33(2)(a) due to insufficiency of funds. In upholding that decision, Mr Justice Nolan stated that it was unlikely that Parliament intended that a trader whose explanation for late or non-payment was that the wrongful act of another had deprived him of the means to pay, should be unable to plead reasonable excuse. In the Harris case, however, the taxpayers had relied on their accountants who had assured them that they were not liable for VAT. The tribunal held that they had "reasonable excuse" for failure to register but Nolan J disagreed, stating that the taxpayers were legally obliged to register and – hard as it seemed – ignorance of the law was no excuse.

R v JELEN AND KATZ
(FT, October 13)

When a Mr Dempsey was arrested in connection with the issuing of false invoices, he agreed with the police to hold conversations with another suspect, Mr Jelen, so that the police could tape them. At the trial, the conversations were held admissible in evidence against the appellant Katz and the applicant Jelen. On appeal, they argued that the evidence was obtained by a trick, and the judge should therefore have excluded it as being unfair under the discretion to do so given him by section 78 *(1) of the Police and Criminal* Evidence Act 1984. Rejecting that submission, the Court of Appeal stated that there was undoubtedly *an element of* entrapment. But that did not make it so unfair as to require the judge, in the exercise of his discretion, to exclude the evidence.

CLEVELAND MUSEUM OF ART v CAPRICORN INTERNATIONAL SA AND ANOTHER
(FT, October 17)

Capricorn agreed that a very valuable reliquary should be sent to the plaintiff museum for display. When it arrived *there a plaque was missing* which diminished the value of the art object by $400,000. Capricorn commenced proceedings in Ohio where the case was ready for trial. CMA attempted to begin English proceedings and served a writ on Capricorn's place of business in the UK in default of registration under s.695(2) of the Companies Act 1985. Dismissing Capricorn's contention that the writ was not validly served, Mr Justice Hirst stated that storage and viewing were very important *aspects of an art* dealer's business. CMA had demonstrated a sufficiently substantial scale of those two activities *to make good its case* that Capricorn had, at date of service, an established place of business on the premises. However, *Capricorn was entitled to* a stay on the grounds of *lis alibi pendens* in Ohio because, taking all considerations into account, *further pursuit of the* English action would result in substantial additional expense, inconvenience and delay.

LAKE v LAKE AND OTHERS
(FT, October 18)

In the present case the donor and recipients at all times had intended that tax should fall on the released assets of an estate. By inadvertence the deed did not express the proved intention of the parties because "free of tax" was wrongly included and furthermore, by a blunder, the released assets had no tax burden placed on them. Thus there were two mistakes. The mistaken insertion of "free of tax" might plainly be rectified, Mr Justice Mervyn Davies stated on application by the plaintiff donor. So might the mistaken omission of "such gifts to bear their own tax," because the words as used in the deed did not effect what was *intended by the parties.* An order for rectification should be made and "not free of tax" to be construed as *meaning the legacies were to* bear their own tax.

MEDWAY PACKAGING CO LTD v MEURER MASCHINEN GmBH & CO
(FT, October 20)

Proceedings had been served by Medway, a UK distributor, on *Meurer in West Germany* and, in the present proceedings, Meurer applied under Order 12 rule 8 of the Rules of the *Supreme Court to set aside* service of the writ, and for a declaration that the court had no jurisdiction. Medway's *cause of action* was for alleged wrongful repudiation of an agreement, the damages being the profits which Medway would have earned during the alleged notice period had the contract continued. Under the article 5 of the 1982 Civil Jurisdiction Convention, Medway needed to persuade the court that the place of performance "of the obligation in question" was the UK. Medway contended that article 5(1) had to be given a broad interpretation, and that the relevant "obligation" was that which characterised the contract. Meurer contended that the place of performance of the obligation was *Germany,* because that was where the goods were sold and delivered to Medway. Refusing to set *aside the writ, Hobbouse J* stated that the obligation to give notice to Medway was to be performed in the UK.

J LAURITZEN A/S v WIJSMULLER BV
(FT, October 24)

In deciding preliminary issues concerning a dispute over the transportation of an oil rig, Hobhouse J held, *inter alia,* that the contract had not been frustrated. Upholding that decision, the Court of Appeal stated that to frustrate a contract, the event had to significantly change "the nature (not merely the expense or onerousness) of the outstanding contractual rights and/or obligations from what the parties could reasonably have contemplated at the time of . . . execution" (see National Carriers [1 981] AC 675,700). But that was not the case here, where the defendant had two alternative methods of performing the contract and although the *other method was available,* the defendant had consigned it under contract elsewhere. Moreover the doctrine of *frustration could not be invoked* when the frustrating event was at all times within the control of the party who sought to rely on it and who had the means and opportunity to prevent it but nevertheless had allowed the frustrating event to come about.

ALI AND ANOTHER v CARRIER TRANS-CONTINENTAL CO LTD
(FT, October 25)

By two agreements, Carrier agreed to allocate to CIE and Flamma respectively five per cent of f.o.b. point of shipment value of air conditioning equipment purchased from it, the commission to be payable "in respect of sales and co-ordination services." CIE was in a position to specify and recommend the use of particular equipment for each project, subject to approval of the Saudi Arabian Ministry of Defence and Aviation. In proceedings that arose when Carrier refused to pay the commission, Leggat J held that the first agreement contained a clause that the contract should be null and void if it contravened the US Foreign Corrupt Practices Act 1977 and the court was satisfied, beyond reasonable doubt, that Carrier's promise to pay commission under that agreement constituted a contravention of the Act. However, as no such clause appeared in the second agreement, Carrier was not relieved of its obligation to pay.

Aviva Golden

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	95.24	95.01	99.36	-0.18	[illegible]
Gilts & Fixed Int	6	109.3	108.3xd	114.9	-0.50	8.70
High Inc Equity	6	134.5	130.5	140.2	-2.00	[illegible]
Worldwide Bond	6	207.4	207.4xd	219.7	-2.10	[illegible]
Capital Growth						
American Growth	6	200.2	[illegible]	213.3	-1.90	[illegible]
Asian Pacific	6	[illegible]	[illegible]	137.0	-2.80	[illegible]
Assets & Earnings	6	161.2	161.2xd	172.5	-1.00	[illegible]
Capital Reserve Acc	0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capital Reserve Inc	0	79.85	79.01	79.00	[illegible]	[illegible]
Commodity & Energy	6	118.7	118.7	127.03	[illegible]	1.50
Dividend & Growth	6	47.55	48.07	51.14	[illegible]	4.40
1992 Enterprise	6	[illegible]	65.00	67.21	[illegible]	2.40
Euro Capital Acc	6	103.2	103.6	110.6	[illegible]	[illegible]
Euro Capital Inc	6	103.3	103.6	110.6	[illegible]	[illegible]
General	6	[illegible]	184.2	197.1	[illegible]	[illegible]
International	6	[illegible]	63.35	67.40	[illegible]	[illegible]
Japan	6	125.9	128.2	[illegible]	[illegible]	0.00
Mainstream	6	[illegible]	[illegible]	101.6	-0.30	1.87
UK Growth Acc	6	182.7	182.7	195.5	-1.00	[illegible]
UK Growth Dist	6	[illegible]	120.8	129.2	[illegible]	[illegible]
US Emerging Cos	6	54.60	[illegible]	58.49	-0.01	0.00
Income & Growth	6	315.6	315.6xd	337.6	-1.90	[illegible]
Ethical	6	48.52	48.52	51.90	[illegible]	[illegible]
Abtrust Management Ltd (1000)H						
10 Queens Terrace, Aberdeen AB9 1QJ						

Buckmaster Mangmt Co Ltd – Contd.

Burrage Unit Tst Mangmt Ltd (0905)F
117 Fenchurch St, London EC3M 5AL 01-480 7216

CCF Foster Braithwaite UT Mngt (1100)F
3 White Hart Yard, London SE1 1NX 01-407 5966

CCL Unit Trusts Ltd (1400)F
74 Shepherds Bush Green, W12 8SD 01-740 7070

CIBC Unit Tst Managers plc (1200)H
Cottons Ctr, Cottons Lane, Ldn SE1 2QL 01 234 6000

CIS Unit Managers Ltd (1000)F
PO Box 105, Manchester M60 4AH

CS Fund Managers Limited (1000)H
125 High Holborn, London WC1V 6PY 01-242 1148

Canada Life Unit Tst Mgrs Ltd (1200)F
High St, Potters Bar, Herts, EN6 5BA 0707 51122

Cannon Fund Managers Ltd (0700)H
1 Olympic Way, Wembley, HA9 0NB

Midland Unit Trusts Ltd (1200)F
152 Eyre Street, Sheffield, S1 3RD

Midland Personal Pension Unit Trust*

Midland PAVES Unit Trust*

Phillips & Drew Unit Managers Ltd
14 Finsbury Square, London EC2A 1PD

Prolific Unit Tst Mngrs Ltd (1200)H
222 Bishopsgate, London EC2

Providence Capital Fd Mgrs Ltd (1000)H
30 Uxbridge Road, London W12 8PG

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
[illegible]

TIME
[illegible]

HISTORIC PRICING
[illegible]

FORWARD PRICING
[illegible]

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers.

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Wardley Unit Tst Mngrs Ltd

Waverley Unit Tst Mngmt Ltd

Wesleyan Fund Mngrs Ltd

Wessex Asset Management

Whittingdale Unit Tst Mgmt Ltd

Willbro Financial Services Ltd

Windsor Trust Mngrs Ltd

Wright Seligman Fund Mngrs Ltd

The Yorkshire Unit Tst Mngrs Ltd

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Cent. Bd. of Fin. of Church of England

Charities Official Invest. Fund

CAFINVEST—Charities Aid Foundation

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Foreign & Colonial Pmg Mngt Ltd

Funds in Court

Henderson Unit Trust Management Ltd

Lazard Brothers & Co. Ltd

Local Authorities Mutual Invest. Tst

M & G Securities Ltd

MIM Ltd

Morgan Grenfell Unit Trust Managers Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

J. Rothschild Fund Managers Ltd

Thornton Unit Managers Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Abtrust Management Ltd

AEtna Life Insurance Co Ltd

AEtna Life Insurance Co Ltd—Contd.

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

Britannia Life Ltd

Canada Life Group

Cannon Assurance Ltd (x)

Cannon Assurance Ltd—Contd.

Chicago British National

City of Edinburgh Life Assurance

City of Westminster Assurance Co

Clerical Medical/Fidelity International

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Commercial Union Group

Co-operative Insurance Society

Criterion Assurance Group

Crown Financial Management Ltd

Crown Financial Management Ltd—Contd.

Crusader Insurance Plc

Dominion Life

Eagle Star Insurance Co Ltd

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Equitable Life Assurance Society

Equity & Law

FS Assurance Limited

Family Assurance Society

Friends' Provident

GT Management Ltd

General Accident Linked Life Assce(x)

General Portfolio Life Insce Plc

General Portfolio Life Insce Plc—Contd.

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co. Ltd

Irish Life Assurance Co Plc

The LAS Group

Lancashire & Yorkshire Assce Society

Lancastrian Life plc

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

M & G Life and M & G Pensions—Contd.

MGM Assurance

MLA

Manchester Unity Assurance

Manulife Group Plc

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Britannia Assce Co Ltd—Contd.

NEL Pensions Ltd

NM Life Assurance Ltd

National Financial Management Corp PLC

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Continued on next page

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	Bid Price	Offer Price	+ or −	Yield Gross
Premium Life Assurance Co Ltd				
37-39 Perrymount Road, Haywards Heath 0444 458721				
American	118 0	125.0	+1 0	–
Building Soc. Fd.	178 0	188 0		–
Balanced	292 0	308 0	+1.0	–
European	208 0	219 0		–
GT Managed	195 0	206 0		–
Gartmore Mngd	130 0	137.0		–
German	180 0	190 0	+3 0	–
Gilt	172 0	182 0		–
Global	48 0	51 0		–
High Inc.	103 0	109 0		–
International Equity	209 0	220 0	+1.0	–
Japan	293 0	309 0		–
Managed	59 0	63 0	+1.0	–
Property	310 0	327 0		–
[illegible]	152 0	160 0		–
UK Equity	325 0	343 0	+3 0	–
Pension Funds				
American	150 0	158 0		–
Building Soc. Fd.	183 0	193 0		–
Balanced	227 0	239 0		–
European	208 0	219 0		–
German	157.0	166 0		–
Gilt	153 0	162 0		–
International Equity	147 0	155 0		–
Japan	148 0	156 0		–
Managed	66 0	70.0		–
Property	239 0	252 0		–
UK Equity	312 0	329 0	+1 0	–
Professional Life Assurance Co Ltd				
Frobisher Hse, Nelson Gate Southampton 0703 232323				
Pension Managed Fund	96 83	102 34		–
Pension Cash Fund	83 22	87.60		–
Prolific Life & Pensions Ltd				
Stramongate Kendall Cumbria LA9 4BE 0539 733733				
Managed Fund see Balanced Growth Managed Fund				
Life Funds				
Balanced Gwth Mngd	630.2	664 1		–
Adventurous Mngd	138 3	145.8		–
Secure Mngd	112.6	118 7		–
Cash Fd	243 7	256 8		–

	Bid Price	Offer Price	+ or −	Yield Gross
Prudential Holborn Pensions Ltd—Contd.				
Guaranteed	13 81			–
International Money	213 4	224.7	+0 4	–
North American	78 9	83.1	−0 2	–
Japanese	164 6	173 3	−2 2	–
European	118 2	124 5	−0 1	–
Special Situations	114 9	121.0	+0 9	–
Communications	101 9	107.3	−0 1	–
Smaller Companies	108 2	113 9	+0 4	–
International Small Cos.	144 4	152.0	−0.3	–
Prudential Pensions Limited				
Holborn Bars, London EC1N 2NH 01-548 3281				
Discretionary Dec 20	£166 14	171.32		–
Equity Dec 20	£177 37	183 61		–
International Dec 20	£29 80	30 47		–
Intl Bond Dec 20	£12 90	13 07		–
Fixed Int Dec 20	£75 28	[illegible]		–
Index Linked Dec 20	£65 47	66 30		–
Property Dec 20	£116 68	123.55		–
Cash Dec 20	£22 4210	22.4210		–
Pru-Linked Retirement Plan				
Managed Dec 26	398 7	415.4		–
Cash Dec 26	210 6	219 4		–
Prudential Pensions Investment Account				
Pens Mngd Jan 2	163 2	175 6	+0 9	–
Pens UK Eq Jan 2	304 4	328 7	+1.9	–
Pens Intl Jan 2	210 7	226.9	+1.7	–
Pens Fixed Jan 2	172 7	182 3	[illegible]	–
Pens Index Lk Jan 2	168 2	177 7	+0 5	–
Pens Cash Jan 2	137 5	144.8		–
Regency Life Assurance Co Ltd				
Regency Hse, Lanark Sq, London E14 9YS 01-538 8800				
Aggressive Ptflio Fd	123.5	129 9	+0 6	–
Balanced Ptflio Fd	323 5	340 5	+1.7	–
Cautious Ptflio Fd	125 7	132.3	+0 2	–
Elite Fund	111.7	117 5	+1.3	–
European Fund	100.4	105 6	−0 2	–
Far East Fund	114.7	120 7	−0 4	–
Fixed Interest Fund	250.3	263 4	+0.3	–
International Fund	296 8	312.4	+0.3	–
Money Fund	184.3	193.9	+0 2	–
N. American Fd.	128 0	134.7	+0 9	–

	Bid Price
Scottish Equitable Life Assc. Soc.—Contd.	
Pens American	151 4
Pens European	225 8
Pens Japan	298 7
Pens Pacific	250 0
Pens Fixed Interest	206 1
Pens Index Linked	138 2
Pens Cash	191.314
Pens Property	218 2
Pens Ethical	110 4
Edinburgh Inv	254 9
Baillie Gifford Japan	251 6
Scottish Life Investments	
19 St Andrew Square Edinburgh	
Property	187 7
UK Equity	249 1
American	177 4
Pacific	259 7
European	315 1
International	219 4
Fixed Interest	144 1
Index Linked	147 8
Deposit	138 9
Managed	203 6
Worldwide	106.7
With Profits Pens.	58.5
Pens. Property	213 1
Pens. UK Equity	287 9
Pens. American	[illegible]
Pens. Pacific	294 9
Pens. European	371 0
Pens International	252.2
Pens. Fixed Int.	174.5
Pens Index Linked	155 8
Pens. Deposit	171.2
Pens. Managed	236.5
Pens Worldwide	109 7
Scottish Mutual Assurance Society	
109 St Vincent St, Glasgow	
Flex End Dec 12	1214 0
Pen Mngd Nov 30	833 0

[illegible]

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

[illegible]

MANAGEMENT SERVICES

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

IoM (SIB RECOGNISED)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (**)

[illegible]

JERSEY (**)

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989/90 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
134	124	Treas 2pc IL '90(84.6)	134 xd	.....	2.09	9.98
99	98	Exch 11pc 1990‡‡	99	.....	11.06	15.15
101	99	Exch. 12½pc 1990	99	.....	12.57	14.93
96	91	Treas. 3pc 1990	96	.....	3.10	12.40
97	95	Treas 8¼pc 1987–90‡‡	97½	−	8.46	14.02
99	95	Treas. 8pc Cv 1990 ‡‡	97 xd	−	8.24	13.91
98	96	Treas. 10pc Cv 1990	96	.....	10.31	14.05
93	87	Exch 2½pc 1990	93	−	2.68	10.73
101	98	Treas 11¾pc 1991	98 xd	−	11.96	13.69
93	89	Funding 5¾pc '87-91‡‡	93	.....	6.17	11.81
90	86	Treas. 3pc 1991	90	.....	3.30	10.44
100	95	Treas 10pc Cv '91 ‡‡	96 xd	−	10.42	13.06
101	96	Exch. 11pc 1991	97	−	11.32	12.79
94	91	Treas. 8pc 1991	92	−	8.69	12.73
106	100	Treas 12¾pc 1992‡‡	100 xd	−	12.62	12.20
99	95	Treas 10pc 1992	95	−	10.48	12.24
94	90	Treas. 8pc 1992 ‡‡	91	−	8.71	12.19
100	96	Treas 10¼pc Cv 1992‡‡	97	−	10.81	11.93
85	82	Treas. 3pc 1992	84	.....	3.54	10.25
105	99	Exch. 12¼pc '92	100	−	12.19	11.97
109	103	Exch 13½pc 1992	103	−	13.01	11.80
94	90	Treas 8¼pc 1993	91	−	9.04	11.65
100	95	Treas 10pc 1993‡‡	96	−	10.41	11.44
108	101	Treas 12½pc 1993‡‡	102 xd	−	12.26	11.52
88	84	Funding 6pc 1993‡‡	85	−	6.99	10.74
115	106	Treas 13¾pc 1993‡‡	107	−	12.84	11.41
94	89	Treas. 8½pc 1994	90 xd	−	9.37	11.42
117	109	Treas 14½pc 1994‡‡	110	−	13.09	11.19
113	106	Exch 13½pc 1994	107	−	12.60	11.34
100	94	Treas. 10pc Ln. 1994‡‡	96	−	10.41	11.15
110	102	Exch. 12½pc 1994	104	−	12.01	11.32
96	91	Treas 9pc 1994‡‡	92	−	9.76	11.11

Five to Fifteen Years

1989/90 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
108	101	Treas 12pc 1995	102 xd	−	11.65	11.21
79	72	Exch 3pc Gas 90–95	76½	+	3.93	8.65
101	95	Exch. 10¼pc 1995	96 xd	−	10.61	11.08
113	106	Treas 12¾pc 1995‡‡	107	−	11.85	10.96
119	110	Treas. 14pc '96	112 xd	−	12.48	11.17
97	90	Treas. 9pc 1992–96‡‡	91	−	9.80	10.84
126	117	Treas 15¼pc 1996‡‡	118	−	12.81	10.98
117	108	Exch 13¼pc 1996‡‡	110	−	11.99	10.91
101	94	Conversion 10pc 1996	95	−	10.41	10.80
118	109	Treas 13¼pc 1997‡‡	111 xd	−	11.87	10.85
104	96	Exch 10½pc 1997	98	−	10.65	10.76
95	88	Treas 8¾pc 1997‡‡	90	−	9.65	10.54
128	118	Exch 15pc 1997	120	−	12.45	11.00
100	93	Exch. 9¾pc 1998	95	−	10.23	10.62
84	78	Treas 6¾pc 1995–98‡‡	80	−	8.34	10.20
134	123	Treas. 15½pc '98‡‡	126	−	12.30	10.80
113	105	Exch. 12pc 1998	107	−	11.20	11.73
100	92	Treas 9½pc 1999‡‡	94 xd	−	9.99	10.35
115	106	Exch. 12¼pc 1999	108	−	11.25	10.70
105	97	Treas. 10½pc 1999	99	−	10.56	10.59
104	96	Conversion 10¼pc 1999	98	−	10.46	10.58
94	86	Treas. 8½pc Ln 2000‡‡	88 xd	−	9.56	10.30
97	89	Conversion 9pc 2000‡‡	91	−	9.80	10.31
122	112	Treas. 13pc 2000	114 xd	−	11.38	10.71
103	95	Treas 10pc 2001	97	−	10.28	10.41
124	114	Treas. 14pc '98–01	116	−	11.99	10.90
102	93	Conversion 9¾pc 2001	95	−	10.18	10.37
113	104	Exch. 12pc '99–02	106 xd	−	11.20	10.74
104	95	Conversion 10pc 2002	97	−	10.23	10.32
102	94	Treas 9¾pc 2002	96	−	9.65	10.22
97	89	Exch. 9pc 2002	91	−	9.85	10.22
126	116	Treas. 13¾pc 2000–03	118 xd	−	11.59	10.77
105	96	Treas 10pc 2003	98	−	10.11	10.14
113	103	Treas. 11½pc 2001–04	105	−	10.85	10.57
106	96	Treas. 10pc 2004	99	−	10.09	10.11
59	54	Funding 3½pc '99–04	56 xd	−	6.23	8.95
102	93½	Conversion 9½pc 2004	95	−	9.91	10.04

BRITISH FUNDS—Contd

Over Fifteen Years

1989/90 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
103	93	Conversion 9½pc 2005	95	−½	9.89	10.01
111	101	Exch.10½pc 2005	103	−½	10.11	10.00
125	114	Treas. 12½pc 2003–05	116	−½	10.68	10.17
90	82	Treas. 8pc 2002–06‡‡	84	−	9.49	9.93
118	108	Treas. 11¾pc 2003–07	110 xd	−½	10.58	10.20
96	86	Treas 8½pc 2007 ‡‡	89 xd	−	9.50	9.77
134	122	Treas. 13½pc '04–08	125	−½	10.79	10.12
101	91	Treas. 9pc 2008 ‡‡	93	−	9.58	9.70
94	91	Treas. 9pc 2008 B	93	−	9.58	9.70
92	83	Treas 8pc 2009	85	−	9.37	9.67
102	91	Conv 9pc Ln 2011 ‡‡	93 xd	−	9.55	9.64
68	61½	Treas. 5½pc 2008–12‡‡	63	−	8.71	9.47
89	80	Treas. 7¾pc 2012–15‡‡	82 xd	−	9.39	9.61
132	118	Exch. 12pc '13–'17	121	−½	9.88	9.67

Undated

1989/90 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
45	40	Consols 4pc	41 xd	.....	9.73	—
40	35	War Loan 3½pc‡‡	36	.....	9.61	—
70	60	Conv 3½pc '61 Aft	61	.....	5.66	—
41	31	Treas. 3pc '66 Aft	32	.....	9.23	—
30	25	Consols 2½pc	25 xd	.....	9.71	—
29½	24	Treas. 2½pc	25	.....	9.85	—

Index-Linked

1989/90 High	Low	Stock (b)	Price £	+ or −	(1)	(2)
112	103	Tr. 2pc '92‡‡(97.8)	112	+	3.05	4.25
105	94	Do. 2 '94 (102.9)	105	+	2.91	3.51
155	139	Do 2pc '96(67.9)	155½	+	3.02	3.42
131	118	Do 2½pc '01(78.3)	131	.....	3.39	3.65
128	115	Do. 2½pc '03(78.8)	128	.....	3.46	3.69
131	117	Do. 2pc '06(69.5)	131½ xd	.....	3.50	3.69
123	110	Do. 2½pc '09(78.8)	123	+	3.49	3.67
128	114	Do 2½pc '11(74.6)	128	.....	3.49	3.65
107	95	Do. 2½pc '13(89.2)	106	.....	3.46	3.61
115	101	Do. 2½pc '16(81.6)	115	.....	3.43	3.57
113	100	Do. 2½pc '20(83.0)	112	.....	3.39	3.52
95	84	Do. 2½pc '24‡‡(97.7)	95 xd	.....	3.39	3.46

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1989: 114.3 and for November 1989: 118.5.

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

1989/90 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100½	98	N'wide Anglia 12pc 29.1.90	99 xd	+	12.56	14.91
100	98	Do 12pc 26.2.90	99	+	12.76	15.28
100	98	Do 12pc 19.3.90	99	+	12.94	15.20
100	98	Do 13pc 23.4.90	99	−	13.46	15.17
100	98	Do 13pc 14.5.90	99	+	13.80	15.14
100	98	Do. 13pc 4/6/90	99	.....	13.76	15.07
100	99	Do. 14pc 2.7.90	99 xd	.....	14.36	14.99
100	98	Do. 13pc 23.7.90	99	..	13.71	14.97
100	98	Do. 13pc 13.8.90	99	−	13.56	14.96
100	98	Do 13pc Bds 3.9.90	99	−	13.63	14.85
107¾	98½	Do 3¾pcIL Ln 2021	107	+	4.33	4.50
107½	99	Do. 4.25pcIL '24	107	+	4.30	4.31

Public Board and Ind.

1989/90 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
47	43	Met. Wtr. 3pc 'B'	45 xd	.....	6.67	10.56

FOREIGN BONDS & RAILS

1989/90 High	Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
50	40	Greek 7pc Ass	50	.....	3.50	f7.00
50	40	Do. 6pc 28 Stb. Ass.	50	..	3	f6.00
50	40	Do 4pc Mixed Ass	50	..	2	f4.00
80	65	Hung '24 Ass.	80	.....	2.75	f3.57
139	125	Hydro Quebec 15pc 2011	127	−	15.00	11.48
128	113	Iceland 14½pc Ln 2016	116	+	14.50	[illegible]
97	90	Ireland 9¾pc '91–96	90½	−	10.74	11.80

AMERICANS

1989/90 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
44	26	Abbott Laboratories	41 xd	.....	$1.40	—	[illegible]
579p	361p	Allegheny & W 1c	524p	−3	30c	—	3.6
18	12	Amax $1	14 xd	.....	80c	—	3.6
11	6	Ambase Corp $1	7	.....	20c	—	1.7
15	695p	Amdahl 5c	854p xd	−4	h10c	—	0.7
37	25	Amer. Cyanamid $5	33	−	$1.35	—	2.6
25	14	Amer. Express 60c	21 xd	+	84c	—	2.5
29	15	American T & T $1	28	−	$1.20	—	2.7
42	26	Ameritech $1	42	+	h$2.92	—	[illegible]
659p	490p	Asiamerica Equity	555p	+4	—	—	—
22	9	BankAmerica $1	16 xd	.....	60c	—	2.3
37	19	Bankers N.Y. $1	25 xd	−	$2.12	—	5.3
69	38	Bell Atlantic $1	68	+	$4.40	—	4.0
35	19	BellSouth Corp	35	.....	$2.52	—	4.5
15	9	Bethlehem Steel $8	11 xd	−	40c	—	2.2

Continued on next page

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

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AMERICANS—Contd

1989/90 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
15⅛	847p	Hasbro Inc 50c	11½	+⅛	16c	–	0.9
57½	32¼	Honeywell $1½	53	–1⅛	$2.75	–	3.3
22⅝	15½	Houston Inds ‡	21½	–⅛	$2.96	–	8.7
76	58¼	IBM Corpn $1¼	58½	–⅜	$4.84	–	5.3
60p	45p	Inco Storage R.Ses	48p	–2	–	–	–
32⅛	18⅜	Ingersoll-Rand $2	30	+⅛	$1.20	–	2.5
33¼	22	Lockheed Crpn $1	24½	–⅛	$1.80	–	4.7
22⅜	10	Lone Star Inds $1	11	+⅛	$1.90	–	10.9
29	17½	Louisiana Land 15c	27¼	–⅛	$1.00	–	2.3
20½	11½	Lowe's 50c	18½	–⅛	48c	–	1.7
28	15	Manuf. Hanover $1	20½	–⅛	$3.28	–	10.1
22⅜	13	Merrill Lynch $1	16	+	$1.00	–	3.9
24⅛	19½	Molex Inc.	24	+	3.2c	–	–
30⅜	18½	Morgan (JP) $2½	27	+	$1.66	–	3.8
26	24½	Morris (Philip)	25	+⅛	$1.13	–	2.8
59	36	NYNEX $1	56	–⅛	$4.36	–	4.9
44p	15p	Nationwide Legal Serv.	37p	+2	–	–	–
24⅞	13¼	PHH Corp. ‡	20½	–⅛	$1.16	–	3.6
259p	167p	Pacific Agr ‡	186p	–	–	–	–
25¼	19	Pacificorp $3¼	28	–⅛	$2.76	–	5.9
31½	16	Pacific Telesis 10c	31	–⅛	$1.82	–	3.8
22	15¼	Pall Corp 25c	21	+⅛	48c	–	1.4
55⅛	39	Pennzoil 83 1/3c	54	–⅛	$3.00	–	3.5
42¼	28	Quaker Oats $5	35½	–⅛	$1.40	–	2.5
32⅛	23½	Rep NY Corpn $5	31½	–⅛	$1.28	–	2.6
16⅜	11	Rockwell Intl. $1	14	+⅛	78c	–	3.4
29½	22	Sears Roebuck 75c	23½	–⅛	$2.00	–	5.4
39½	21	Southwestern Bell $1	39½	–	$2.60	–	4.2
27	17	Sun Co. Inc. $1	25	–⅛	$1.80	–	4.5
31¼	22	TRW Inc. 62½c	30½	–⅛	$1.72	–	3.6
24	14	TW Services $5	21½	–	–	–	–
40	26	Tenneco $5	38	–⅛	$3.04	–	5.0
36	26	Texaco $6.25	36	+⅛	$3.00	–	5.2
29	18	Texas Instr. $1	22	–⅛	72c	–	2.1
117	58	Time Inc $1	80	–1	$1.00	–	0.8
19	13	TRINOVA Corp	15	+⅛	68c	–	2.8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

هكذا امتد الأصل

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LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING – Contd

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND – Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

For Water Issues see London Recent Equities

OIL AND GAS

[illegible]

OIL AND GAS – Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES – Contd

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided
- ∥ No par value

B.Fr. Belgian Francs. Fr. French Francs. ☆☆ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ..... γ	88	.....
Craig & Rose £1. γ	830	.....
Finlay Pkg. 5p .. γ	58	.....
Holt (Jos) 25p .. γ	1353	.....

IRISH

Cap 8½% Ln. 1991	£97	.....
9pc Cap Ln. 1996	£96	–½
Fin 13% 97/02	£116	
Arnotts	400	.....
Carroll (P.J.) ..... γ	160xd	.....
Hall (R. & H.)	190	–5
Helton Hldgs ..... γ	91	.....
IRG	205xd	.....
United Drug	150	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	41
Amstrad	6½
Asda (BSR)	5¼
BAT	67
BOC Grp	44
BTR	37
Barclays	40
Blue Circle	20
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit. Telecom	22
Cadburys	31
Charter Cons	42
Comm Union	43
Courtaulds	32
Eurotunnel	45
Fnl	8
FNFC	22
Gen Accident	92
GEC	19
Glaxo	60
Grand Met	44
Guardian	39
GKN	33
Hanson	18
Hawker Sidd	55
ICI	95
Jaguar	85
Ladbroke	25
Legal & Gen	31
Lex Service	26
Lloyds Bank	31
Lucas Inds	54
Marks & Spencer	15
Midland Bk	25
Morgan Grenfell	23
Nat West Bk	23
P & O Dfd	51
Polly Peck	38
Racal Elect	20
RHM	39
Rank Org Ord	72
Reed Intnl	34
STC	25
Sears	9
SmKl. Beecham A.	48
TI	39
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	55

Property

Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petm	9
Premier	10½
Shell	37
Tricentrol Res	12
Ultramar	28½

Mines

Lonrho	23
RTZ	45

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling improve

THE DOLLAR rose in quiet foreign exchange trading, as dealers looked for fresh incentives to move the market. It was a slow start in Europe as Tokyo remained closed after the New Year. Recent economic data has favoured the dollar and sterling, enabling both currencies to rally against the D-Mark in spite of speculation about higher West German interest rates.

In Amsterdam Mr Wim Kok, the Dutch Finance Minster, indicated that the guilder will maintain its value against the D-Mark in any realignment of the European Monetary System this year. In Paris there was speculation that the Bank of France would have to raise its interest rates if a devaluation of the franc against the D-Mark was to be avoided. Call money traded at 11⅛ per cent yesterday, well above the central bank's 10¾ per cent intervention rate. The Bank of France offered to ease the tight conditions by offering banks overnight funds at a penal rate of 11 1/16 per cent, adding to fears of higher official rates.

The main factor providing support for the dollar was a stronger than expected survey from the National Association of Purchasing Management. This offset an easier trend in US interest rates. In New York Bankers Trust cut its broker loan rate by 1 per cent to 9½ per cent, but there appeared to be little significance in the Fed's move to add money market liquidity via two-day system repurchase agreements when Federal funds were trading at 8½ per cent, against an assumed target of 8¼ per cent.

The NAPM's index of economic activity of 48 per cent for December still suggests the US economy is slowing - a figure under 50 per cent points to a slowdown - but the figure was not expected to be much changed from the November's 46.6 per cent, and therefore the dollar rallied. News that US construction spending rose 1.5 per cent in November, after falling 0.1 per cent in October, had no impact.

Reasonably optimistic news about the economy was enough to push the dollar higher in thin trading after a period when the US currency has fallen steadily against the D-Mark. The dollar's upward trend led to short covering and triggered stop loss buying orders.

The dollar finished in Europe below the day's peaks, after the Federal Reserve intervened to sell the US currency against the Japanese yen. It rose to DM1.7085, from DM1.6915 on Friday; to Y146.30 from Y143.80; to SFr1.5715 from SFr1.5425; and to FFr5.8300 from FFr5.7860. The dollar's index advanced to 67.9 from 67.3.

Sterling rose with the dollar after last week's announcement of a smaller than feared UK trade deficit in November. The pound was little changed at $1.6120 against $1.6125 on Friday, but rose to DM2.7550 from DM2.7275; to Y235.75 from Y231.75; to SFr2.5325 from SFr2.4875; and to FFr9.3975 from FFr9.3300. Sterling's index gained 0.8 to 86.8.

£ IN NEW YORK

Jan.2	Latest	Previous Close
£ Spot	1.6105-1.6115	1.6100-1.6110
1 month	0.84-0.85pm	0.96-0.94pm
3 months	2.39-2.36pm	2.58-2.55pm
12 months	8.38-8.28pm	8.93-8.83pm

Forward premiums and discounts apply to the US dollar

EURO-CURRENCY INTEREST RATES

Jan 2	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15¼-15	15¼-15	15¼-15⅛	15¼-15⅛	15-14⅞	14⅞-14¾
US Dollar	8½-8⅜	8⅞-8⅜	8⅜-8¼	8⅜-8¼	8¼-8⅛	8¼-8⅛
Can. Dollar	12⅜-12¼	12⅜-12	12⅜-12⅛	12¼-11⅞	11⅞-11¾	11⅝-11½
D. Guilder	8¼-8⅛	8⅜-8⅛	8⅜-8¼	8⅜-8¼	8⅜-8¼	8⅜-8¼
Sw. Franc	10⅛-9⅞	10-9¾	9⅞-9¾	9⅞-9¾	9⅞-9⅝	9⅜-9¼
Deutschmark	8⅝-8½	8⅝-8½	8⅝-8½	8¾-8⅝	8¾-8⅝	8¾-8⅝
Fr. Franc	11⅛-11⅛	11⅛-11⅛	11⅜-11⅛	11⅜-11⅛	11⅜-11⅛	11¼-11⅛
Italian Lira	13-11	14½-13½	12¾-12⅜	13⅛-12⅞	13⅛-12⅞	13½-13
B. Fr (Fin)	10¼-10	10¼-10⅛	10⅜-10⅛	10⅜-10⅛	10⅜-10⅛	10⅜-10⅛
B. Fr. (Con)	10-9¾	10⅛-9⅞	10⅛-10	10⅛-10	10⅛-10	10⅛-10
Yen	6⅞-6¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	12⅛-12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	8⅝-8½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 8¼-8⅛ per cent; three years 8¼-8⅛ per cent; four years 8¼-8⅛ per cent; five years 8¼-8⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

STERLING INDEX

POUND SPOT- FORWARD AGAINST THE POUND

CURRENCY RATES

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

EMS EUROPEAN CURRENCY UNIT RATES

OTHER CURRENCIES

EXCHANGE CROSS RATES

FINANCIAL FUTURES AND OPTIONS

CHICAGO

LONDON (LIFFE)

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS : 29,471

A=Ask B=Bid C=Call P=Put

JOTTER PAD

MONEY MARKETS

London rates ease

INTEREST RATES had a slightly softer tone on the London money market yesterday, as sterling showed signs of improvement on the foreign exchanges. Three-month interbank was quoted at 15⅛-15 1/16 per cent against 15¼-15⅛ per cent ahead of the New Year holiday, while six-month money eased to 15-14⅞ from 15⅛-14 15/16 per cent.

The Bank of England kept the short end of the market tight however, and did not appear to provide enough help to take out the full day to day credit shortage. This was initially forecast at £300m, but was revised to £550m at noon, and to £500m in the afternoon. Total help of £325m was provided.

UK clearing bank base lending rate 15 per cent from October 5

Before lunch the authorities bought £293m bank bills outright in band 2 at 14¾ per cent. In the afternoon another £17m bank bills were purchased, in band 2 at 14¾ per cent. Late assistance of around £15m was also given.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £885m, with Exchequer transactions absorbing £160m and bank balances below target £40m.

These factors outweighed a fall in the note circulation adding £585m to liquidity.

In Frankfurt call money fell to 7.95-8.10 from 8.00-8.50 per cent as the money market awaited fresh direction from this week's allocation at the West German Bundesbank's securities repurchase agreement tender. This takes the form of a two-tranche tender for 29-day and 57-day funds, both at variable bid rates. It is the first time the Bundesbank has set a one-month variable rate tender since interest rates were increased by 1 per cent on October 6, and appears to indicate that the central bank is again prepared to let the market set the level of interest rates, in spite of the sharp rise in short term rates at the end of last month.

Three earlier facilities, totalling DM36.2bn expire today and dealers are divided on whether the Bundesbank will fully replace this money.

As nervousness increased that West German rates will be allowed to rise Government bond futures fell to record lows on Liffe. March bonds touched a record low of 89.42, before closing at 89.57 against 90.65 before the long holiday week-end. Short sterling futures also weakened as fears grew about higher European rates. March short sterling declined to 85.47 from 85.52.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

BASE LENDING RATES

● Brown Shipley	15	Hongkong & Shangh	15		
Cl. Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
		Mount Banking	15		
		Nat. Bk. of Kuwait	15		
		NatWestminster	15		

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CROSSWORD

No7,128 Set by DANTE

ACROSS
1 Politically correct steps to take (14)
10 Explosive device found on the beach (5)
11 Permissive play? (9)
12 It's worn with one's arm inside (7)
13 A giant one goes to a fairy queen (7)
14 Acids ruined the echo sounder (5)
16 New speed cuts thought likely (9)
19 Clear love declaration (9)
20 Not an irreversible belief (5)
22 Relatively favourable (7)
25 The mace in a form still used as a weapon (7)
27 About to teach the others self control (9)
28 Partly under water from waves caused by a passing vessel (5)
29 Sir, I heard alert – move to a place of safety (3-4,7)

DOWN
2 Charged too much? (9)
3 Tell of secret division (5)
4 Concerns financial gains (9)
5 A dark place of retirement in France (5)
6 Going back to living by oneself? (2,7)
7 Silky material seen in one piece (5)
8 Turned away from a blow? (7)
9 Complaint about Ma's hat (6)
15 Where you serve yourself tea, if care is exercised (9)
17 Desultory game may eventually erupt explosively (4,5)
18 Time of immaturity, but apparently not too young for a proposal (6,3)
19 Junior accountant's holiday spot (7)
21 Produce nippers (6)
23 A prose form that gives difficulties (5)
24 An unruly one might be told off and left inside (5)
26 Swim before one can walk (5)

Solution to Puzzle No.7,127

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

JAPAN

[illegible]

CANADA

TORONTO
2pm prices January 2

[illegible]

1—No voting rights or restricted voting rights.

INDICES

NEW YORK

DOW JONES	Dec 29	Dec 28	Dec 27	Dec 26	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2753.20	2732.30	2724.40	2709.26	2791.41 (9/10)	2144.64 (3/1)	2791.41 (9/10/89)	41.22 (2/7/32)
Home Bonds	92.94	93.07	93.02	93.06	94.15 (2/8)	87.35 (23/3)	—	—
Transport	1177.81	1174.43	1172.30	1167.85	1532.01 (5/9)	959.95 (3/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	235.04	235.41	234.78	234.09	235.98 (15/12)	181.84 (24/2)	235.98 (15/12/89)	10.50 (8/4/32)

♦Day's High 2763.01 (2742.53) Low 2726.96 (2709.04)

STANDARD AND POOR'S	Dec 29	Dec 28	Dec 27	Dec 26	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	353.40	350.67	348.81	346.81	359.80 (9/10)	275.31 (3/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	403.38	400.50	398.16	395.65	410.49 (9/10)	318.66 (3/1)	410.49 (9/10/89)	3.62 (21/6/32)
Financial	31.30	30.94	30.78	30.54	35.24 (9/10)	24.30 (3/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	195.01	193.59	192.69	191.72	199.34 (9/10)	154.98 (3/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	378.00	373.90	372.96	370.80	397.03 (10/10)	305.24 (3/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	454.82	449.98	448.81	445.75	485.73 (9/10)	378.56 (3/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Dec 15	Dec 8	Dec 1	year ago (approx.)
Dow Industrial Div. Yield	3.89	3.90	3.87	3.73
	Dec 27	Dec 20	Dec 13	year ago (approx.)
S & P Industrial div. yield	2.95	2.90	2.90	3.19
S & P Indl. P/E ratio	14.74	14.51	14.92	12.89

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Navistar	2,306,900	3⅞	+ ⅛
Pan Am	1,986,600	2⅝	+ ⅛
Philip Morris	1,642,500	41⅝	+ ½
IBM	1,636,500	94⅛	
Am T & T	1,541,800	45½	− ⅛
Eastman Kodak	1,259,600	41⅛	+ ⅜
Varity Corp	1,239,300	2½	+ ⅛
Smith Int	1,231,900	12½	− ⅜
Western Union	1,182,000	1⅞	+ 1/16
Bank New Eng	1,171,800	9⅞	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Dec 29	Dec 28	Dec 27
New York	145.990	128.030	133.730
Amex	15.681	12.655	12.117
NASDAQ	164.112	128.971	115.311
Issues Traded	1,975	1,977	1,956
Rises	1,072	835	931
Falls	464	673	549
Unchanged	439	469	476
New Highs	94	64	76
New Lows	36	47	42

CANADA

TORONTO	Dec 29	Dec 28	Dec 27	Dec 22	1989 HIGH	1989 LOW
Metals & Minerals	3354.28	3306.60	3308.57	3326.26	3919.2 (1/9)	3207.5 (3/1)
Composite	3969.79	3932.24	3932.18	3937.19	4037.8 (6/10)	3350.5 (6/1)
MONTREAL Portfolio	2030.83	2011.92	2011.24	2007.19	2069.68 (10/10)	1677.48 (3/1)

Base values of all Indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan. 2	Dec. 29	Dec. 28	Dec. 27	1989/90 HIGH	1989/90 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1654.7	1649.0	1648.8	1651.8	1781.8 (29/8/89)	1412.9 (7/4/89)
All Mining (1/1/80)	838.8	834.7	838.1	842.1	875.1 (29/8/89)	652.6 (7/4/89)
AUSTRIA						
Credit Aktien (30/12/84)	526.59	(c)	493.07	473.58	526.59 (2/1/90)	219.5 (2/1/89)
BELGIUM						
Brussels SE (1/1/80)	6490.06	(c)	6476.39	6454.90	6805.28 (26/9/89)	5519.30 (4/1/89)
DENMARK						
Copenhagen SE (3/1/83)	358.77	363.22	360.90	359.35	365.22 (29/12/89)	275.49 (27/2/89)
FINLAND						
Unitas General (1975)	590.5	609.0	615.4	622.0	815.8 (18/4/89)	580.8 (23/11/89)
FRANCE						
CAC General (31/12/82)	553.0	553.7	552.0	548.8	561.6 (11/10/89)	417.9 (4/1/89)
Ind. Tendance (29/12/89)	98.89	-	-	-	98.89 (2/1/90)	98.89 (2/1/90)
GERMANY						
FAZ Aktien (31/12/58)	746.42	(c)	740.93	724.26	746.42 (2/1/90)	535.78 (27/2/89)
Commerzbank (1/12/53)	2203.6	(c)	2190.2	2139.3	2203.6 (2/1/90)	1595.7 (27/2/89)
DAX (30/12/87)	1814.38	(c)	1790.37	1771.44	1814.38 (2/1/90)	1271.70 (23/2/89)
HONG KONG						
Hang Seng Bank (31/7/64)	2838.07	2836.57	2895.43	2929.25	3309.64 (15/5/89)	2093.61 (5/6/89)
IRELAND						
ISEQ Overall (4/1/88)	1792.47	1765.87	1749.07	(c)	1848.93 (10/8/89)	1360.64 (10/1/89)
ITALY						
Banca Com. Ital. (1972)	(u)	687.44	687.58	682.99	734.84 (31/8/89)	577.49 (25/2/89)
JAPAN						
Nikkei (16/5/49)	(c)	38915.87	38676.94	38801.65	38915.87 (29/12/89)	30183.79 (5/1/89)
Tokyo SE (Topix) (4/1/68)	(c)	2881.37	2870.32	2867.97	2884.80 (18/12/89)	2366.91 (6/1/89)
2nd Section (4/1/68)	(c)	3939.15	3910.89	3881.84	3939.15 (29/12/89)	2774.38 (27/3/89)
MALAYSIA						
KLSE Composite	571.88	562.28	-	-	-	-
NETHERLANDS						
CSS Tol.Rtn.Gen.(End 1983)	265.7	264.3	262.4	263.3	272.7 (21/9/89)	208.3 (3/1/89)
CBS All Shr (End 1983)	203.9	202.8	201.3	202.0	210.5 (8/9/89)	166.7 (1/3/89)
NORWAY						
Oslo SE (2/1/83)	701.67	686.89	677.43	674.17	701.67 (2/1/90)	467.17 (2/1/89)
PHILIPPINES						
Manila Comp (2/1/85)	1115.45	1104.57	1104.50	1115.22	1396.26 (20/11/89)	804.62 (6/2/89)
SINGAPORE						
SES All-Singapore	417.07	411.67	-	-	-	-
SOUTH AFRICA						
JSE Gold (28/9/78)	2028.0	2049.0	2053.0	2064.0	2254.0 (12/12/89)	1291.0 (15/2/89)
JSE Industrial (28/9/78)	2795.0	2790.0	2766.0	2753.0	2838.0 (25/8/89)	1961.0 (3/1/89)
SOUTH KOREA**						
Korea Comp Ex (4/1/80)	(c)	(c)	(c)	(c)	1007.80 (3/4/89)	844.75 (11/12/89)
SPAIN						
Madrid SE (30/12/85)	297.55	296.80	296.93	296.77	329.93 (13/9/89)	268.61 (1/3/89)
SWEDEN						
Jacobson & P. (31/12/56)	4248.7	4275.4	4244.9	4190.5	4660.3 (16/5/89)	3353.9 (3/1/89)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(c)	(c)	760.6	757.7	829.1 (6/9/89)	613.1 (3/1/89)
TAIWAN**						
Weighted Price (30/6/66)	(c)	(c)	9624.18	9345.36	10773.11 (25/9/89)	4873.01 (5/1/89)
THAILAND						
Bangkok SET (30/4/75)	899.61	879.19	870.49	861.84	899.61 (2/1/90)	386.73 (2/1/89)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	567.3	565.8	567.0	567.3 (29/12/89)	487.6 (13/6/89)

**Saturday Dec. 30: Taiwan Weighted Price: (c) Korea Comp Ex. (c)

§ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000. JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Friday December 29 1989

	Stocks Traded	Closing Prices	Change on day
Marubeni	40.3m	1,170	+70
C.Itoh	27.4m	1,300	+120
Nissho Iwai	16.6m	1,240	+80
Sumitomo Corp	12.0m	1,750	+50
Mitsui & Co	11.3m	1,390	+70
Mitsubishi Corp	8.7m	2,010	+80
Sumitomo Metal	8.3m	857	-5
Toyo Menka	8.1m	1,050	+60
Nichimen	7.9m	1,080	+70
Kobe Steel	6.7m	810	0

3pm prices January 2

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
37½	24	AAR	.48	1.3	21	51	36¼	35¾	35⅞	- ⅛
9⅝	8½	ACM n	1.01	11.		283	9⅛	9⅛	9⅛	- ⅛
11⅝	10⅛	ACMIn	1.26	12.		485	11	10⅞	10⅞	
9⅝	8	ACM M	n1.01	12		387	8⅞	8⅝	8⅝	
11½	10	ACM Sc	1.25	12		869	10⅞	10⅝	10⅞	+ ⅛
9⅝	8⅞	ACMSp	1.01	11		z414	9⅛	8⅞	9⅛	+ ⅛
19½	11½	AL Lab	.15		9	19	580 u19⅛	18½	18⅞	+ ⅜
4⅛	3⅛	AMCA	.12e	3.3	9	549	3⅝	3½	3⅝	+ ⅛
8⅞	4	AM Intl			8	790	4⅛	d 3⅞	3⅞	- ⅛
23½	16⅝	AM In pf	2	11		6	17½	17⅜	17½	+ ⅛
107¼	52⅛	AMR			7	5761	59⅝	58	59	+ 1
6½	3⅛	ARX				57	3½	3⅛	3⅜	+ ⅛
99¼	38	ASA	3a	5.4		900	55½	54⅞	55⅛	- ⅛
31¼	16⅛	AVX	.24		8	29	454	30⅝	30⅛	30¼ - ⅜
70⅜	48⅛	AbtLab	1.40	2.0	19	3505	69	68	68⅝	+ ⅝
18⅛	11⅛	AbitibI g	.50			11	11⅝	11½	11½	
13	9⅛	AcmeC	.40	3.8	14	60	11	10⅞	11	+ ⅛
9⅞	6	AcmeE	.32	3.5	12	25	9⅛	9	9⅛	
38½	22	Acusn			21	268	32	31⅞	32	
16⅛	12⅞	AdaEx	2.06e	13		252	u16⅛	15⅞	16	+ ⅛
15⅜	6⅝	Adobe				621	14⅞	14⅛	14⅜	- ⅛
20⅛	16⅝	Adob pf	1.84	9.1		3	20⅛	20⅛	20⅛	+ ⅛
21⅝	19⅞	Adob pf	2.40	11.		6	21⅛	21⅛	21⅛	- ⅛
10½	7⅛	AMD				7806	7⅞	7⅜	7⅜	- ⅜
10⅛	6⅝	Advest	.16	2.2	10	140	7⅜	7⅛	7⅜	+ ⅛
62½	45⅝	AetnLf	2.76	4.8	9	1814	57½	56	57½	+ 1
14	11	AhIPb	.24	2.0		1260	12⅛	11⅞	11⅞	- ⅜
25	15⅛	Ahmans	.88	4.6	10	2012	19	18⅝	19	
3⅞	2⅛	Aileen				22	3½	2⅞	2⅞	+ ⅛
48¼	40	AirPrd	1.32	2.7	12	1582	48⅜	47⅞	48⅝	+ ⅜
39⅝	20⅞	AirbFrt	.60	1.7	18	107	35⅞	35⅛	35⅛	+ ⅝
25⅛	14⅛	Airgas			13	56	23⅛	22⅞	22⅞	- ⅛
[illegible]										

Continued on Page 33

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33	21¾	XTRA pf1.94		8.8		115	22	21¾	22	
4¼	2	Zapata				1551	3¼	2⅞	2⅞	−⅛
13¼	7⅞	Zemex	.20	2.4		4	8⅜	8⅞	8⅞	
21½	11½	ZenithE				1941	13⅝	12⅞	13⅛	+⅞
21½	18¼	ZenNtl	.84	4.6	9	34	18⅞	18	18⅛	+⅞
10	6½	Zenix	1.20	17.		163	7¼	6⅞	7⅛	+⅛
18½	13⅞	Zero s	.40	2.6	14	444	15⅝	15¼	15½	+⅛
44⅝	25¾	Zurnin	.76	1.8	19	147	40⅞	40¼	40⅞	
12⅝	10	Zweig	1.12a	8.9		808	u12⅝	12¼	12⅝	+⅛
9⅞	8¼	ZweigTl	.95	9.7		830	9⅞	9¾	9⅞	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices January 2

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Prism		13	2	3¼	3⅛	3⅛	
ProMed	.40	14	5	5½	5⅜	5½	
ProfCre		13	49	5½	5¼	5¼	
− R − R −							
RSW		11	6	6¼	5⅞	6⅛	+⅛

NASDAQ NATIONAL MARKET

3pm prices January 2

Stock	Div.	Sales 100s	High	Low	Last	Chng
Walbrn	.28b	9 32	16¼	15½	16½	
WhEx h		5231	u14	13	14	−1
Worthg	.56	17 930	23	22½	22¾	−¼
Wyman	.50	95	14½	14¼	14¼	−¼
− X − Y − Z −						
XL Data s		8 1104	11	10¾	10¾	
XOMA		1760	23½	22	23⅛	+1⅛
Xicor		9 660	4	3⅞	3⅞	−⅛
YanEnS	.75a	13 313	21⅞	21½	21¾	−¼
YelowF	.76	12 521	26⅞	25½	26⅜	
YorkRs		19 586	u 9¼	9	9¼	+¼
ZionUt	1.44	67	38¾	37½	38	+¼

AMERICA

Dow makes positive start to the new decade

Wall Street

THE DECADE opened on a positive note, with equities trading higher throughout yesterday morning, *writes Karen Zagor in New York.*

At 2pm, the Dow Jones Industrial Average was up 21.12 at 2,774.32 after falling more than 13 points shortly after the market opened. Volume on the New York Stock Exchange was fairly light, with less than 95m shares changing hands by 1.30pm. On the big board, advancing issues outpaced those declining by a ratio of three to two.

The stock market took some strength from yesterday morning's purchasing managers' report, which indicated that the industrial sector of the economy was stronger than expected. Although the report indicated that the economy was declining for an eighth consecutive month, December's purchasing managers' index of 48 per cent was its lowest rate of decline since last June. In November the index was 46.6 per cent and the market had expected December's figure to be the same.

The news was not entirely positive. There were declines in the vendor deliveries index and the price index, indicating continued weakness in the underlying economy.

The data failed to bolster the debt market. At mid-session, the Treasury's benchmark 30-year bond was down 1/8 point at 101⅝, yielding 7.97 per cent. At the short end of the yield curve the two-year issue was unchanged, yielding 7.83 per cent. The purchasing managers' report was more bullish for the dollar, which was quoted at Y146.10 and DM1.7110 in active New York trading, considerably higher than its late Friday level of Y143.85 and DM1.6897.

Traders expect the stock market to receive support at the start of the year from reinvestment demand from pension funds and other institutions.

A number of technology stocks, which fell sharply at the end of the year, rallied yesterday morning. IBM gained $2⅞ to $96¾. Digital Equipment added $1½ to $83½. Compaq improved $1¾ to $81¾, Unisys was up $½ to $15¼ and Apple gained $1 to $36¼ in over-the-counter trading.

Among featured stocks, Toys 'R' Us rose $2 to $37⅞ after the company said sales for the important Christmas period were 22.7 per cent higher than a year earlier.

Consolidated Stores fell $½ to $3¾ in unusually active trading amid speculation about weak Christmas sales. However, a number of retailing stocks did reasonable well yesterday morning. Wal-Mart added $1¼ to $45⅞, Sears advanced $⅜ to $38⅞, and Woolworth rose $½ to $65⅞. Among specialty retailing shares, the Gap added $⅛ to $51½, Lands' End added $⅞ to $20⅞ and the Limited increased $⅞ to $35⅞.

Dupont rose $⅝ to $123⅞ after the company said it would sell its rivology blood screening business to Ortho Diagnostics Systems, a subsidiary of Johnson and Johnson, and Chiron of Eneryville, California. Johnson & Johnson slipped $⅛ to $59¼ and Chiron added $¼ to $29 in over-the-counter trading.

Union Pacific gained $1¼ to $78¼ after the company said it would sell most of the assets of its Union Pacific Realty subsidiary for about $532m to an affiliate of The Koll Company. A number of blue chip stocks posted gains in morning trading. Philip Morris added $⅛ to $42¼, AT&T added $½ to $46, General Electric rose $⅝ to $65⅛ and Union Carbide improved $⅝ to $23⅞.

Canada

DEMAND by foreign investors for Laidlaw shares boosted Toronto stocks from an early deficit. The composite index rose 13.3 points to 3,983.7 on volume of 8.2m. Declines led advances 216 to 180.

Laidlaw class B shares gained C$1¼ to C$27⅞ while its class A shares rose $1 to C$27⅞ in active trade.

ASIA PACIFIC

New O-T-C market lifts Singapore

BY AND large, the Pacific Basin markets which reopened yesterday after the New Year holiday had a good start to 1990, *writes Our Markets Staff.*

SINGAPORE brushed aside last Friday's announcement that the the Kuala Lumpur Stock Exchange would not recognise the new Singapore over-the-counter market, known as CLOB International.

CLOB, launched yesterday to offset Sunday's delisting of 182 Malaysian stocks from the Stock Exchange of Singapore (SES), made a brisk start. It led a rush of speculative buying which took the Straits Times Industrial index up 18.13 to 1499.46, tantalisingly close to its all-time high of 1,505.

Yesterday marked the first day of the split between the Kuala Lumpur and Singapore exchanges. Acting on government orders, Malaysian companies, which had accounted for some 40 per cent of daily volume, withdrew their listings from the Singapore bourse.

KUALA LUMPUR, which added on Friday that it will list and quote warrants and transferable subscription rights, saw sentiment lifted by Friday's rally on Wall Street, and favourable local reaction to the split from Singapore. Gains outnumbered losses by 150 to 35, turnover rose from 125m to 134m shares and the KLSE composite index rose 9.60 to a new record high of 571.88.

AUSTRALIA firmed in thin trade, led by resource issues. The All Ordinaries index gained 5.7 to 1,654.7 as turnover slumped to 42m worth A$53m from 111m and A$214m.

The appointment of a receiver-manager to the Australian brewing units of Bond Corp left Bond and its Bell Resources associate suspended last Friday. Yesterday it hit the Bell Group associate which fell 6 cents to 30 cents; Adelaide Steamship, which owns 19.9 per cent of Bell, fell 22 cents to A$6.06.

HONG KONG recovered from a 38-point fall in the Hang Seng index in the first half hour, closing 1.50 higher at 2,838.07 after Friday's 58.86 fall. However, turnover reflected the renewed war of words between China and the UK, falling from HK$940m to HK$498m, its lightest for three weeks.

MANILA finished slightly higher in thin trading as turnover was estimated at around 40m pesos, compared with an average daily turnover of 100m during the last week of December. The Manila composite index rose 10.88 to 1,115.56.

EUROPE

Dealers buy Frankfurt on Japanese prospects

THE PHENOMENON born of West Germany's political, industrial and economic prospects was demonstrated yet again yesterday, as domestic caution was again outweighed by speculation about international investment interest, *writes Our Markets Staff.*

FRANKFURT survived a steep drop at the opening to close with the DAX index up 24.01 on the day, and 2.2 per cent over its early low at 1,814.38.

The FAZ rose 5.31 to 746.24 at mid-session, and was promising to hit a new all-time high today; its previous high was 753 in April, 1986.

The early drop reflected: a very weak domestic bond market; the metalworkers' wage and working hours negotiations which begin next week; and, on January 15, exercise day for extremely profitable three-month contracts in the equity options market, which ought to indicate prospects of substantial selling.

The recovery was widely ascribed to foreign investment buying, following the Japanese interest which led last week's rally. However, there was domestic and UK buying from traders who expect to pass the stock on to the Japanese when their market reopens tomorrow after an extended New Year holiday.

PARIS saw thin volume as investors drifted slowly back after the holiday period. After an opening decline the market followed Wall Street's lead and recovered ground. The CAC General index closed down 0.70 at 553.00.

Euro Disneyland provided the main interest, rising FFr2 to FFr94.50 with 236,000 shares changing hands. This is the last week before American investors can enter the fray, and investors have been showing renewed interest in the stock.

Paribas, which announced yesterday that it was setting up a foreign shareholders' committee, slumped FFr24 to FFr700 after profit-taking.

Other stocks attracting attention included Lafarge ahead of its four-for-one share split tomorrow. It closed FFr2 up at FFr1,602.

AMSTERDAM balanced a slump on the Dutch bond market with the stronger US dollar. Royal Dutch Shell rose Fl 2.20 to Fl 148.50, while Unilever rose Fl 1.70 to Fl 162.30. The CBS general index closed 1.1 up at 203.9.

BRUSSELS had a breakdown on its bourse computer, which must have reminded stock exchange officials of the embarrassments of mid-October, when its new system was out for six days during a world-wide slump in share prices.

However, yesterday's was a very brief lapse, and the cash market added 13.67 to close at 6,490.06.

MILAN was delayed too, in this case by a 20 minutes' strike by stockbrokers who halted trading to protest against the lack of progress in modernising Italy's securities industry in preparation for 1992, and the advent of a single European market. Share prices finished little changed in quiet trading.

OSLO continued to benefit from higher crude and refined oil prices in busy trading. The all-share index closed 13.45 up at 539.94 in NKr420.3m worth of trading.

While all industry indices closed ahead, oil stocks were in particular demand; Norsk Hydro added NKr5 to close at NKr173, while Saga Petroleum closed NKr2.5 up at NKr67.5

STOCKHOLM closed slightly lower in quiet trading worth SKr150m. The Affärsvärlden General index slipped 16.8 to 1,246.1. Against the general trend, Ericsson free B shares gained SKr5 to close at SKr885.

HELSINKI fell sharply as profit-takers took advantage of some of the gains made prior to the Christmas break. The Unitas all-share index closed 18.5 down at 590.5 in trading worth FM56.2m.

COPENHAGEN closed lower in thin volume, the bourse index finishing 4.45 lower at 358.77.

MADRID edged slightly forward in quiet trading. The general index closed 0.95 up at 297.55.

HOW THE WORLD MARKETS PERFORMED IN 1989

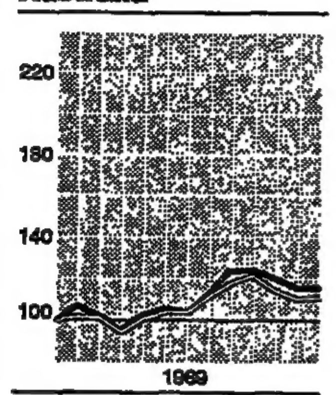
KEY

Pound sterling index

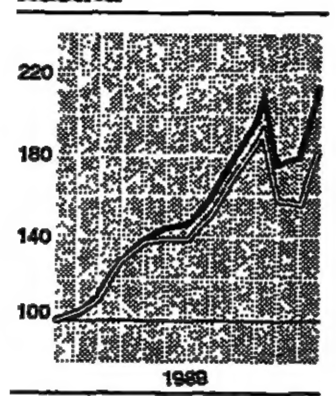
Local currency index

Figures below charts show: Quarterly and annual capital changes (%) in local currency.
1,2,3,4 = first, second, third, fourth quarter changes.

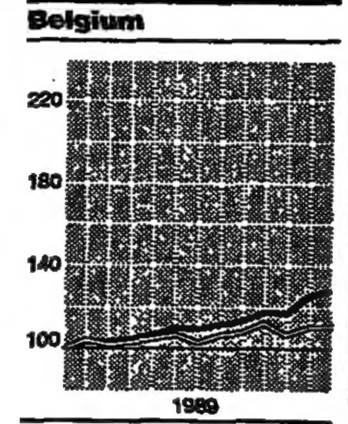
Source: FT-Actuaries World Index. Figures jointly compiled by the Financial Times, Goldman Sachs & Co. and County NatWest / Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

Australia


1	2	3	4	Year
-2.61	5.25	14.29	-3.8	13.2

Austria


1	2	3	4	Year
23.29	12.28	28.34	2.0	80.4

Belgium


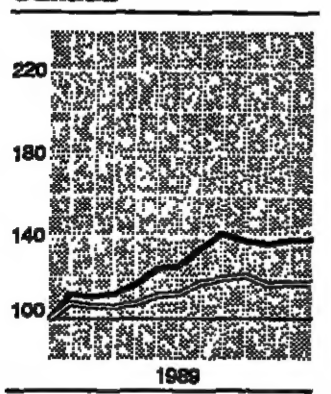
1	2	3	4	Year
2.27	2.01	7.70	-3.1	9.1

FT-ACTUARIES WORLD INDICES

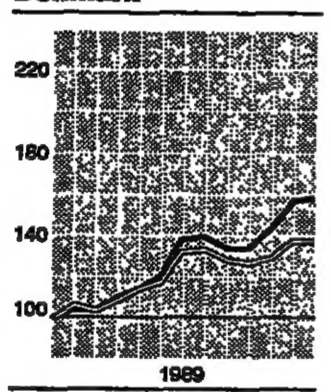
Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY DECEMBER 29 1989						THURSDAY DECEMBER 28 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	151.36	−0.6	139.18	127.42	+0.0	5.35	152.34	139.98	127.41	160.41	128.28	144.49
Austria (19)	182.20	+0.0	167.52	159.93	+0.0	1.52	182.24	167.45	159.93	182.24	92.84	95.94
Belgium (63)	154.67	−0.1	142.21	135.79	+0.0	4.10	154.86	142.32	135.79	154.86	125.58	135.10
Canada (120)	152.18	+0.6	139.92	127.68	+0.8	3.14	151.22	138.95	126.64	154.17	124.67	125.55
Denmark (36)	242.22	+0.3	222.71	216.77	+0.2	1.45	241.57	221.97	216.35	242.22	165.35	156.66
Finland (26)	133.30	−0.4	122.56	113.09	−0.4	2.49	133.83	122.97	113.54	159.16	118.63	130.87
France (126)	156.03	−0.3	143.46	141.59	+0.1	2.64	156.44	143.75	141.47	156.44	112.57	115.04
West Germany (96)	123.72	−0.3	113.75	108.80	+0.0	1.94	124.05	113.98	108.80	124.05	79.56	87.96
Hong Kong (46)	117.13	−1.9	107.70	117.37	−1.9	4.86	119.38	109.69	119.67	140.33	86.41	111.80
Ireland (17)	181.54	+0.6	166.91	164.86	+0.9	2.84	180.38	165.73	163.17	181.54	125.00	131.78
Italy (97)	98.43	−0.3	90.50	93.23	+0.0	2.46	98.75	90.74	93.26	98.75	74.97	85.13
Japan (455)	197.40	−0.1	181.50	179.43	+0.3	0.45	197.58	181.55	178.84	200.11	164.22	181.50
Malaysia (36)	229.04	−0.4	210.59	238.04	−0.4	2.25	229.99	211.33	238.94	229.99	143.35	143.50
Mexico (13)	325.47	+0.7	299.25	957.23	+1.2	0.54	323.10	296.89	946.04	328.61	163.32	161.84
Netherland (43)	143.89	+0.5	132.30	125.50	+0.8	4.25	143.23	131.61	124.47	143.89	110.63	112.41
New Zealand (18)	72.09	−0.3	66.28	64.44	+0.3	5.47	72.28	66.42	64.23	88.18	62.64	67.60
Norway (24)	199.85	+1.8	183.75	178.89	+2.1	1.52	196.27	180.35	175.29	199.85	129.92	138.93
Singapore (26)	177.21	−1.4	162.93	155.16	−0.9	1.88	179.77	165.19	156.53	179.77	124.57	125.10
South Africa (60)	196.53	−0.4	180.70	152.07	+0.5	3.72	197.36	181.36	151.38	197.36	115.35	116.85
Spain (43)	163.08	−0.2	149.94	135.16	+0.1	3.90	163.44	150.18	135.02	169.75	143.14	149.39
Sweden (35)	192.05	+0.2	176.58	176.05	+0.0	1.95	191.63	176.08	176.03	192.05	138.45	144.60
Switzerland (62)	94.07	−0.3	86.49	89.95	+0.0	1.99	94.31	86.66	89.95	94.31	67.81	78.06
United Kingdom (306)	158.70	+0.9	145.91	145.91	+1.0	4.28	157.23	144.47	144.47	158.70	133.28	135.31
USA (542)	143.05	+0.8	131.53	143.05	+0.8	3.27	141.95	130.43	141.95	146.29	112.13	113.18
Europe (990)	142.38	+0.3	130.91	128.34	+0.5	3.29	141.97	130.45	127.74	142.38	112.63	114.59
Nordic (121)	187.37	+0.4	172.27	162.89	+0.3	1.74	186.69	171.54	162.46	187.37	137.95	139.65
Pacific Basin (666)	192.59	−0.1	177.07	174.97	+0.3	0.69	192.86	177.21	174.49	194.72	160.44	186.33
Euro−Pacific (1656)	172.66	+0.0	158.76	156.34	+0.3	1.56	172.65	158.65	155.81	173.24	141.56	157.61
North America (662)	143.49	+0.8	131.93	142.07	+0.8	3.26	142.40	130.84	140.97	146.66	112.79	113.84
Europe Ex. UK (687)	131.09	−0.1	120.53	117.62	+0.1	2.63	131.27	120.62	117.46	131.27	98.30	101.40
Pacific Ex. Japan (213)	134.94	−1.0	124.07	119.90	−0.6	4.82	136.33	125.26	120.64	140.05	111.93	124.57
World Ex. US (1851)	172.27	+0.0	158.39	155.56	+0.4	1.63	172.24	158.27	155.01	172.78	141.49	156.09
World Ex. UK (2090)	160.98	+0.2	148.01	151.86	+0.4	1.98	160.68	147.65	151.19	160.98	136.98	140.06
World Ex. So. Af. (2333)	160.54	+0.3	147.61	151.27	+0.5	2.13	160.13	147.13	150.53	160.54	136.67	139.76
World Ex. Japan (1938)	143.47	+0.5	131.91	136.78	+0.6	3.34	142.76	131.18	135.96	143.47	114.51	114.64
The World Index (2393)	160.75	+0.3	147.81	151.26	+0.5	2.14	160.35	147.34	150.53	160.75	136.88	139.62

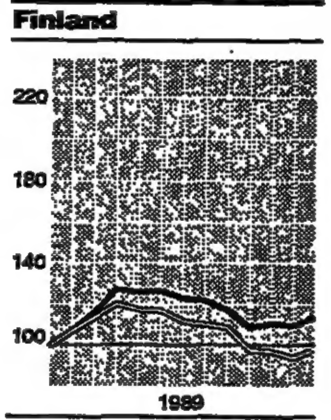
Latest prices were unavailable for this edition.
Markets closed December 29: Austria, Belgium, West Germany and Switzerland.

Canada


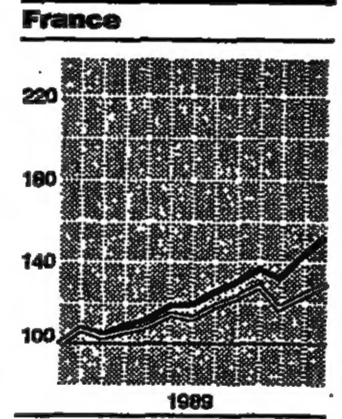
1	2	3	4	Year
7.01	4.69	5.67	-0.2	17.7

Denmark


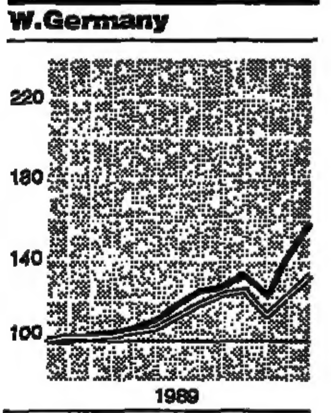
1	2	3	4	Year
6.65	22.2	-4.46	9.7	38.4

Finland


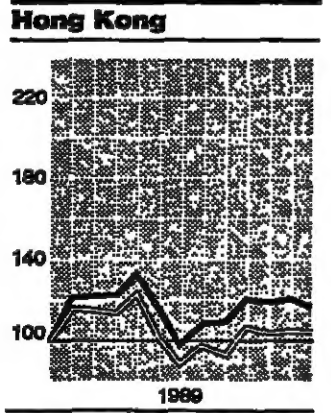
1	2	3	4	Year
16.93	-3.22	-13.22	0.5	-1.1

France


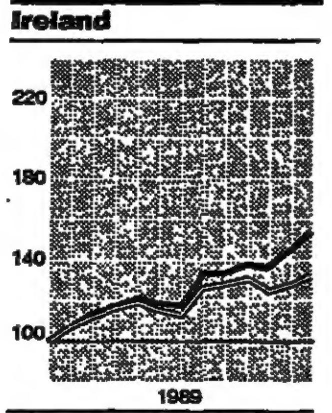
1	2	3	4	Year
5.89	6.71	11.52	2.4	29.5

W.Germany


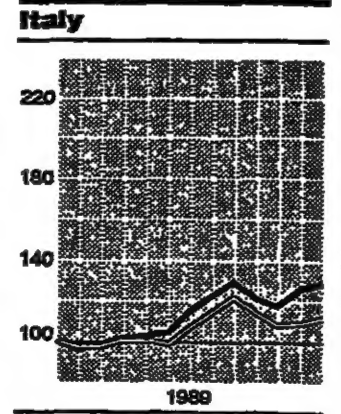
1	2	3	4	Year
0.47	10.60	7.63	11.0	34.1

Hong Kong


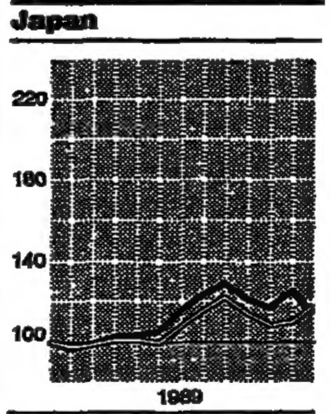
1	2	3	4	Year
13.16	-25.67	23.87	0.6	4.7

Ireland


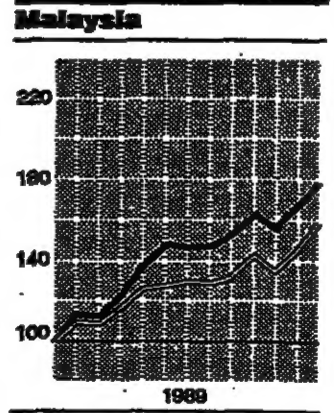
1	2	3	4	Year
13.86	-1.83	14.60	3.9	33.4

Italy


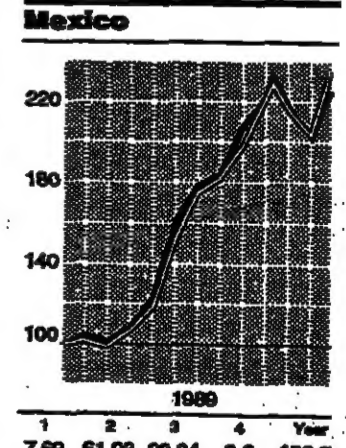
1	2	3	4	Year
1.69	5.37	8.71	-3.8	12.3

Japan


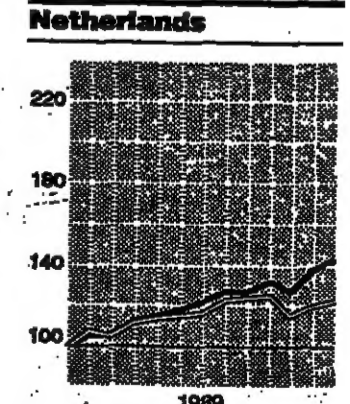
1	2	3	4	Year
4.51	-1.58	8.80	5.9	18.6

Malaysia


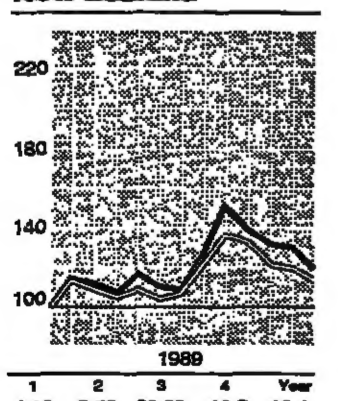
1	2	3	4	Year
15.02	9.50	10.90	12.9	59.0

Mexico


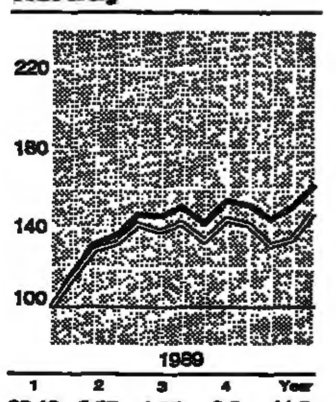
1	2	3	4	Year
7.69	61.93	23.04	9.6	136.5

Netherlands


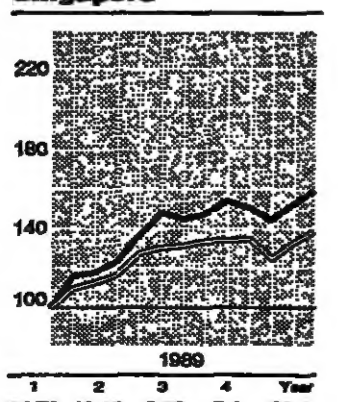
1	2	3	4	Year
10.36	5.15	4.66	-0.2	22.2

New Zealand


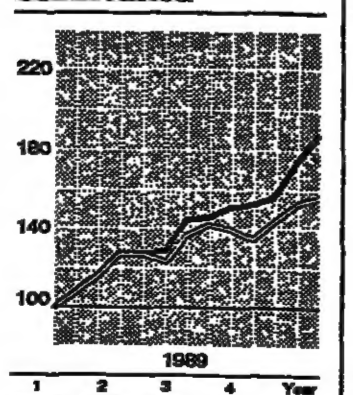
1	2	3	4	Year
4.00	2.58	20.69	-12.8	13.1

Norway


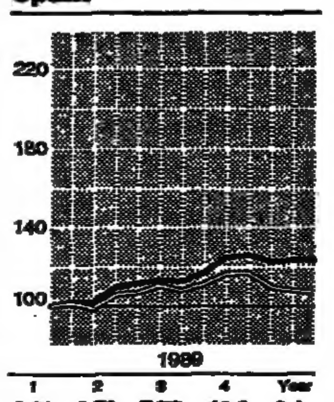
1	2	3	4	Year
32.13	5.55	1.05	2.3	44.5

Singapore


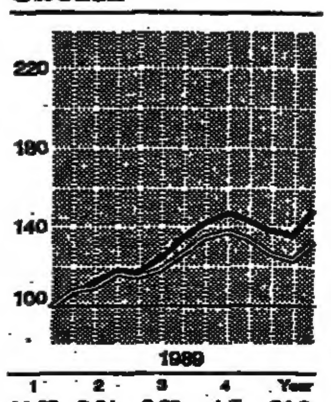
1	2	3	4	Year
24.72	19.13	-2.58	5.4	38.4

South Africa


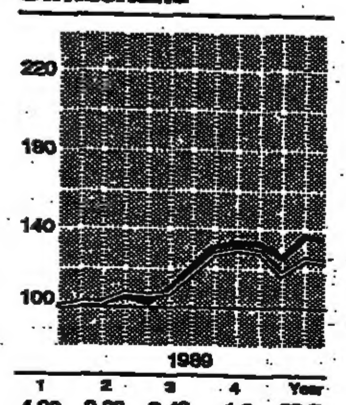
1	2	3	4	Year
28.99	3.96	3.48	10.8	54.8

Spain


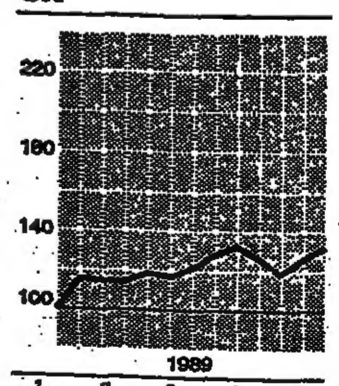
1	2	3	4	Year
2.61	6.72	7.77	-10.6	6.1

Sweden


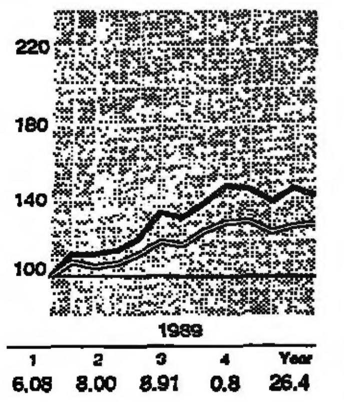
1	2	3	4	Year
14.89	8.21	6.39	1.7	34.3

Switzerland


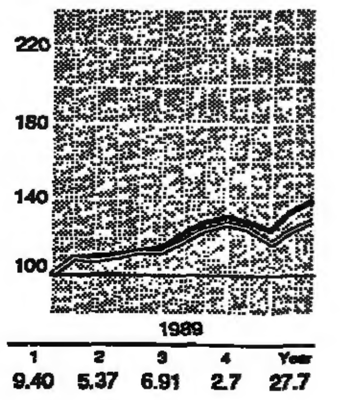
1	2	3	4	Year
4.90	9.28	9.48	-1.9	23.7

UK


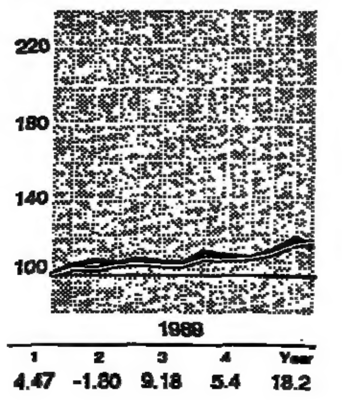
1	2	3	4	Year
15.74	2.68	5.21	3.9	31.6

US


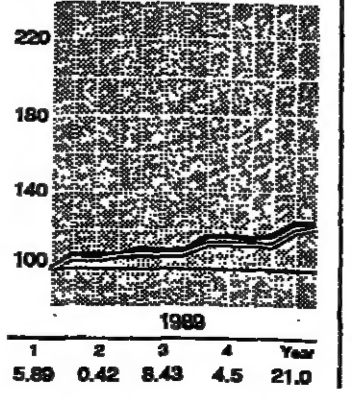
1	2	3	4	Year
6.08	8.00	8.91	0.8	26.4

Europe


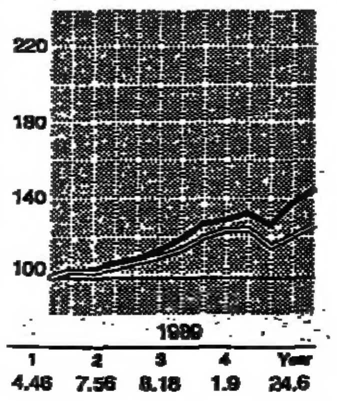
1	2	3	4	Year
9.40	5.37	6.91	2.7	27.7

Pacific Basin


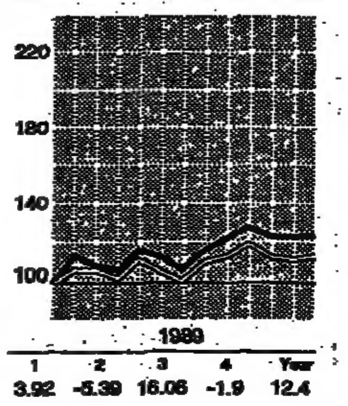
1	2	3	4	Year
4.47	-1.80	9.18	5.4	18.2

Euro - Pacific


1	2	3	4	Year
5.89	0.42	8.43	4.5	21.0

Europe (ex UK)


1	2	3	4	Year
4.46	7.56	8.18	1.9	24.6

Pacific Basin (ex Japan)


1	2	3	4	Year
3.92	-5.39	16.06	-1.9	12.4

EXCHANGE RATES

[illegible]